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Editorial AS WE SEE IT

Contrary to all expectations until quite recently, Congress has gone home to meet again for a considerable amount of unfinished business after the two political conventions. Political wiseacres have of late been well occupied fathoming the reason for this rather unusual action, and trying to figure out who gains the most and who loses the most politically by it. All this we gladly leave to those with more interest in it and with more ability to arrive at sound conclusions than are we. To the non-politically minded with the good of their country fully at heart, the state of affairs thus depicted is, however, not particularly heartening. Congress for a good while past had been wasting its time on trivialities and then found itself unable for one reason or another to get work done before the political conventions, which it dare not leave undone.

If there were any reason at all to expect it to act in a more statesmanlike manner after the conventions are over, one might find ground for encouragement in the fact that it has determined even at this late date to give itself more time to get legislation framed and on the statute books. Unfortunately, however, there is little or no ground for any such expectation or hope. A glance at the list of measures on its agenda which it has not been able to complete and now believes that it must somehow get on the statute books before the voting starts in November, is evidence enough of this disheartening fact. If more evidence were needed one need only take note of the many essential areas which Congress has not even had under consideration.

Could Be Forgotten

Many, if not most, of the measures now before Congress could well be forgotten so far as vital public welfare is concerned. Housing and school subsidies in one form or another, minimum wage legislation, various schemes to load the social security system with further liabilities, this time in the form of health insurance, so-called, and a number of other *(Continued on page 26)*

A Microscopic Analysis of the Aerospace Industry's Problems

By General Orval R. Cook, USAF (Ret.) President, Aerospace Industries Association of America, Inc.*

Reminding Uncle Sam of its stake in and contribution to the aerospace industry's plight, Gen. Cook calls for continued partnership with the Government, without subsidies, and other measures to restore the industry's health. He warns that the surface calm of steady $11 billion annual gross sales hides such things as sales of jets at a loss and declining earnings and other marked compositional changes in the transition to a space age. Without more orders for airplanes, he adds, more mergers requiring Dept. of Justice cooperation and diversification will be inevitable.

Of all the industries whose fortunes and futures are of paramount interest today, easily the most unusual is the aerospace industry. This industry is made up of manufacturers of airplanes, helicopters, missiles, spacecraft, their propulsion systems, components, and accessories. A listing of this industry reads like a business "Who's Who." Its nucleus is a group of airframe, aircraft engine, component, and accessory companies, known throughout the world. These companies, famous for their aircraft products, have the primary responsibility for most of the major missiles and space vehicles being developed and produced for the free world. They must create designs superior to those of any potential enemy, integrate the many systems and subsystems into the final configuration, and insure that the 300 thousands parts which go into a modern weapon system perform with virtually 100% reliability and dependability. These companies do not accomplish this task alone. Allied with them, frequently on a co-equal basis, are a great number of highly competent companies specializing in electronic systems and components, materials, fuels, and other products essential to today's highly sophisticated technical needs. In addition, some 50,000 firms, large and small, in every part of the nation play an essential role as suppliers and subcontractors to the basic industry.

Gen. Orval R. Cook

Several Bright Spots

A careful look at the aerospace industry today reveals an industry grappling with the problem of reorganizing on a scale and in a time span unprecedented in industrial history. Needless to say, such a process is causing dislocations and impairing the strength and vitality of many of the companies which comprise the nucleus of the industry. Despite these facts, there are several bright spots in the picture.

The utility and executive aircraft segment of the industry continued its steady gains. During 1959, 7,689 planes were shipped compared with 6,414 in 1958 and 4,434 in 1955. The greatest increase was registered in business flying, which is now estimated at five million hours a year, compared with scheduled airline flying of four million hours a year. The trend in aircraft use and in aircraft sales is up, and there is no indication that it will be reversed.

In the helicopter segment of the industry, both military and commercial deliveries were high in 1959, with commercial sales of 295 units compared to 146 in 1955. Commercial helicopter operators are now using 705 vehicles with capacities ranging from three to 15 passengers. The advent of the turbine engine on a production basis, with its high power to weight ratio, will be of especial value to helicopter airlines because it should provide lower operating costs, increased speed and capacity, and lower noise and vibration levels. As these new vehicles come off the production line, we anticipate that *(Continued on page 30)*

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 34.

The Security I Like Best . . .

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

This Week's Forum Participants and Their Selections

Milton Bradley Company—R. Willis Leith, Jr., Partner, Burgess & Leith, Boston, Mass. (Page 2)

Lynch Communications Systems, Inc. — Wells McTaggart, Vice-President, First California Co., San Francisco, Calif. (Page 24)

R. WILLIS LEITH, JR.
Partner, Burgess & Leith
Boston, Mass.
Members New York Stock Exchange

Milton Bradley Co.

Education and leisure are among the two most promising areas for business growth in the 1960's because of the growth of consumer income available for luxuries, and the increasing desire for the best in education. Several companies have already been brought to the attention of the investing public that combine these two fields. Brunswick Balke Collender has been a spectacular performer, as have Holt, Rinehart & Winston and Cenco Instruments. These companies sell at high relationships to earnings. This is a story of a company that is no newcomer to these fields, has been extremely successful in both, but sells at a cheap price in relation to its prospects. The Milton Bradley Company was 100 years old in 1959. It was almost bankrupt in the early 1940's, and was at that time taken over by a group headed by Mr. James Shea. In 1959, the results of his aggressive management began to show up. Since the bulk of shipments come in the fall months, 1957 was a poor year for the company as the recession was then starting. In 1958, sales were at a new high, but net income was held down by the expenses connected with the introduction of new product lines. A lot of promotion has been put on educational aids, which have shown tremendous growth and also on several new games. In 1959 earnings soared to $6.87 a share from $3.02 a share in 1958. In 1960 sales are reported to be strong in the game industry, and probably this industry is having the best first quarter in history. The outlook for the growth of this company's markets are excellent.

R. Willis Leith, Jr.

The company has the capacity to do possibly as much as $20 million in sales in its present plant, and show earnings of well over $10 per share. By reinvesting earnings in new products and creating new markets this goal is within reach. The finances of the company, its cash generation, and its management are the best in its history. Whether the higher plateau of earnings is three or ten years away depends on a number of uncertain factors, but it will come. In the meantime, the company has reached an ability to show $4.00 to $5.00 net per share in a bad year, and easily attain $7.50 or $8.00 in a good retail year. Although the stock had a spectacular rise in 1959, it is selling at about eight times 1959 earnings, and appears to be cheap compared to other stocks in the "consumer" and "recreation" fields.

Business

Milton Bradley's biggest product is games. Although new games are introduced constantly, the company has a number of staple games that are consistently good sellers. Well-known names are *Candyland, Uncle Wiggly Game, Park & Shop* and the recently introduced *Concentration.* These games have excellent acceptance all over the country and good distribution. The game business has shown an accelerating growth in the last several years.

Among the educational items produced are crayons, word cards, number cards, sewing cards, puzzles, clay, paints and finger paints. The fastest growing end of this department has been the packaged aids to learning for sale to the general public. They help children learn to tell time, count, add and substract, read and to develop their proficiency in these skills.

Games

Milton Bradley has had a number of leading children's games for many years, but only recently has added an extremely successful new game. *Concentration* sold over a million copies in 1959, which at the wholesale price of about $2 amounted to 16% of 1959 sales, accounted for over half of the increase over 1958. Sales in 1960 are said to be at high levels, and of *Concentration,* management says that they should sell as many copies as in 1959. The game is based on the television show which tests the memory of the players. It has a wider appeal than most of the company's games since it is a challenge to older children and adults. It is more in the class of a large seller such as *Monopoly* than any other game in the line.

The success of the game lines has been increasing since the management has made an effort to improve its product development department. This function has become the responsibility of a vice-president and has been given great stress. The outstanding results now being achieved are a direct result of the decision by management to develop a strong group for creating merchandise ideas. In the first years of building this department it was a drag upon earnings, but as products have been introduced, they have more than paid for the earlier investment. When a new product is introduced, the games can immediately be offered for sale in all parts of the country and in Canada, and the excellence of their distribution is demonstrated by the success of their most recent introduction. In 1960, the newly introduced *Game of Life* may build new volume for the company.

The game business has historically shown a moderate vulnerability to business downturns, but has been growing at a very rapid rate. The age groups which Milton Bradley serves are still growing at a rapid rate, and by 1965 will be on the threshold of a terrific surge of growth. The outlook is excellent for this largest aspect of the business.

Educational Products

Milton Bradley for many years has been a leader in educational items for the school and home, aimed mostly at the elementary level. This group of products has long included flash cards for phonetics, letters, words, sentences, and arithmetic cards of many kinds. Also items for learning time, for learning to read the calendar, and miscellaneous other items. About three years ago, the company introduced a line of many of these *Teaching Aids* packaged for home consumption and merchandised in attractive display racks. Because parents generally are interested in promoting their children's educations, they are buying these items with great enthusiasm and added a new dimension to what has been a business that heretofore has pretty much paralleled the pace of the growing school population.

Further additions can be made to this line. One instance would be foreign language material, which has a very promising future, as the trend to teaching foreign languages in lower grades and to many more pupils is showing a snowball growth. This is a product line that is sure to continue to grow in the next 10 years.

Another successful and growing product line is the excellent puzzles that are produced. The company is also a leading manufacturer of crayons, finger paints, and other children's coloring materials, a steady growth business.

Other Products

In addition to its larger lines, the company also produces paper cutters, school art room furniture, "construction paper" for school work, wooden toys (mostly boats), and does some lithograph work for others to get full utilization of presses. These are presumably small in relation to total sales and profits, but are specialties which produce profit from one year to the next.

Earnings

Since 1951, sales have doubled. However, profits have quadrupled. For several years, the growth of sales was disguised by the elimination of sales made by company owned jobbing outlets. These outlets made little or no profit but had been set up by the company to rebuild their once valuable trade name. Thus, from 1953 to 1958, sales increased only 10%, but net profits were up over 80%. In this period, and right up to the present, the company has been spending heavily on plant modernization, and charging as much as possible against earnings. Moreover, a great deal of emphasis has been put on building up strong distribution, expanding promotion and advertising, and creating new products.

In 1959, record earnings of $6.87 per share were after a charge of possibly 70 cents to 90 cents a share for past funding of a newly installed pension plan. For 1960, game makers are unable, of

Continued on page 24

EARNINGS RECORD

	Sales (million)	Net Before Taxes (000)	Net Income (000)	Operating Profit % Sales	Net Per Share	Dividends
1959	$12.3	$1,591	$746	14.0	$6.87	$1.00
1958	8.8	695	339	8.7	3.02	0.80
1957	7.7	516	251	7.7	2.18	0.75
1956	8.2	549	275	7.3	2.43	0.75
1955	7.9	448	218	7.4	1.98	0.55
1954	8.2	339	171	4.8	1.52	0.55
1953	8.1	383	188	5.5	1.69	0.55
1952	6.9	340	171	5.5	1.54	0.30
1951	6.1	367	182	6.6	1.67	0.15

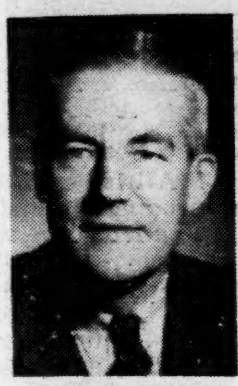
(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

The Petrochemical Industry

By David A. Shepard*, *Executive Vice-President and Director, Standard Oil Company of New Jersey*

Highlights of the United States petrochemical industry are touched upon by Mr. Shepard in dealing with the extent, development, pattern and growth trend of this rapidly growing industry. Listed are the important chemical companies in petrochemicals, the important uses for the product, and the reasons why petroleum is an attractive supplier to the chemical industry. Mr. Shepard comments on the variegated pattern for carrying out petrochemical activities wherein: (1) oil companies are getting into intermediate and end products; (2) chemical companies are acquiring or teaming with petroleum companies; and (3) large companies are diversifying into petrochemicals. Explained are the interests American petrochemical firms have in Europe, the role of research and development, the spark provided by vigorous competition, and the position his company is in and where it is going here and in France.

The petrochemical industry in the United States is a vast and complex subject which could not possibly be fully covered in this presentation. I will attempt only to touch upon the highlights of my assignment in the hope that interest in France will be aroused, and that members of the French chemical industry will explore our activities on their own by reading or by visits to the United States to see our petrochemical facilities in action.



David A. Shepard

Actually petrochemicals are a relatively new division of a very old industry—the chemical industry—which has been in existence for thousands of years. Early in his history, man learned that he could transform sugars and starches into palatable food chemicals. He probably did not understand the process, but he knew that what resulted added considerably to his joy of living!

Until recent years, the raw materials for most chemical reactions have come chiefly from the farm, the forest, or the mine. Only forty years ago did we recognize that petroleum and natural gas were an economic source of basic raw materials for the exotic new articles we were learning to make. So when we discuss petrochemicals, we are discussing an infant — an infant whose real growth began only during and after World War II. In fact, the very word "petrochemical" did not come into common usage until 1942.

I am proud to state that my company started producing isopropyl alcohol from refining gases at its Bayway, New Jersey, refinery in 1920. Union Carbide, the second largest chemical company in the United States, was also an early pioneer. They also made isopropyl alcohol, and later began the semi-commercial production of ethylene glycol. These operations were truly bold, for in those days there were few sizable uses for this now very important chemical.

There are several questions I would like to answer in my presentation of the U. S. petrochemical industry. Here they are:

(1) What are petrochemicals? How large is the industry and how rapidly is it growing?

(2) Why is the chemical industry turning to petroleum as a main supplier?

(3) Where is the U. S. industry located?

(4) What kind of companies are involved? What is the relative position of petroleum and chemical companies?

(5) What is the interest of U. S. companies in Europe?

(6) What is the role of research and development?

(7) What role does competition play in the U. S. industry picture?

My remarks are not going to be technical in nature, nor do I intend to flood this paper with statistics. Although I was trained as a chemical engineer, and worked in the field in my early years with our company, my later activities have taken me away from direct technical work. This was just the time when petrochemicals became prominent. My observations, therefore, will not be those of one technically up-to-date in any detailed way, but they will, on the other hand, be observations of a member of management with a strong interest in petrochemicals.

Defines Petrochemicals

First, what are petrochemicals? Strictly, I suppose, an etymologist would shake his head in wonder at the word. For the industry has taken the Greek word for "rock," combined it with the root of the Arabic word "alchemy," and applied it to materials made (in some cases largely by physical means (from hydrocarbon raw materials. But the word seems to have become well accepted.

In simplest terms, a petrochemical, then, is understood to be a chemical material which is wholly or very largely derived from petroleum or natural gas sources. Petrochemicals are mainly the aliphatic, aromatic, and naphthenic organic compounds and their derivatives. They also may be inorganic materials, such as sulfur, ammonia, and carbon black. Someday we might even think of vanadium as a petrochemical if its recovery from fuel oil becomes attractive.

Petrochemicals range from basic

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Of Glamor and Gain

By Dr. Ira U. Cobleigh, *Enterprise Economist*

Some reflections on certain romance stocks that have recorded fantastic price gains; together with an attempt to account for their market altitudes and the avidity with which they are sought and bought by investors.

The text for today is taken from the 29th Chapter of the Book of Proverbs: "Where there is no vision the people perish." Wall Street paraphrases this somewhat differently: "He who looks back in the market dies of remorse." It took vision to buy Texas Instruments at $5 a share a few years back. It took vision to buy Accoustica at $1 a share when it was first publicly offered in 1954. (It sould above 36 last week.) There was an unheralded romance stock called Itek that was available as low as $2 a share in 1957. It has since been split and sold at the equivalent of more than $350—all within four years.

In June of last year shares of Loral Electronics were publicly offered at $12. There was a scramble on offering day and the issue jumped to about $20 immediately. It traded for a while in 18-25 range and then began to take off. Recently, and only 13 months after the stock was offered, it sold above $90 a share. Branson Instruments common was offered at $20 a share last August and sold above $65 last week. Ionics, which had been trading earlier this year between 15 and 19 had a recent public offering at $23. The shares now trade above 40. Last January, 1959, Motorola sold in the low 50's. It has more than trebled since.

But why break each other's hearts? Who wants to die of remorse? Here's just a sampling of stocks that have performed fantastically in a short space of time. Relatively few investors knew about them and bought them. Still fewer held onto them all the way. After all if you had bought Itek at $5 and it swiftly soared to $100, wouldn't you have been tempted to sell? Perhaps long before that? The temptation would have been too great for most of us.

So here we have a pretty situation. A whole covey of dazzling stocks that most of us never even heard of in the early stages (and wouldn't have had the courage or vision to buy if we had). And they all rose spectacularly without reference to standard criteria by which shares are customarily judged—balance sheet values, reasonable price/earnings ratios, dividend prospects, established product markets, etc. No, these glamor stocks have been extraordinarily difficult to analyze and actual purchases have been made primarily on (1) conjectures of dynamic growth in a given industry, (2) the romance and potential of some new patented scientific "break throughs," (3) enormous confidence in the inventive or technical skills of company research and management teams, and (4) immediate application of end products to the most exciting areas of our economy—automation and controls, photography, data processing and recording, missiles and space ships, instrumentation, and electronic recording and communication.

So while most of the 13 million American shareholders have been patient holders of traditional equities such as rails, oils, chemicals, motors, steels and store shares—and waited for Dow to cross 685 again—a select group of glamor stocks has been roaring ahead making yacht buyers out of former outboard fanciers, and a number of new millionaires.

Which brings us to the nut of the problem. Are the glamor stocks too high today? Have they reached their height of market fashion as did aircrafts in 1946, and oils in 1956? Is 50 times earnings too high a valuation yardstick? Are there not some benchmarks by which to evaluate these virtuosi? And finally are there any issues around today that may turn out to be another Farrington, Ampex or Polaroid?

We won't attempt to include the entire field of glamor issues, but will confine our brief observations to the biggest segment thereof — electronics. Whereas electricity supplies sinews and energy to do more and more of the physical work of man, electronics does his thinking, activates and actuates many processes automatically, records and measures, corrects and compensates for errors. The electronics business begins with building blocks—such as semiconductors, which include rectifiers, diodes and transistors, then adds capacitors, transistors, circuits and potentiometers; and moves on to complete systems—computers servo-mechanisms, recording and control systems, navigational communication, instrumentation radar, sonar, microwaves, etc. So we have smaller companies producing some or many components; and big companies such as Bendix, Raytheon, Thompson Ramo Wooldridge, Beckman, Litton and Texas Instruments producing dozens of items of electronic hardware from components to complete systems.

For the 25 to 30 big, mature companies such as Litton, Texas Instruments share valuations of from 35 to 50 times net earnings are not considered out of the way. This relatively high appraisal seems to be justified and accepted on the basis that net earnings can grow at the rate of 15% to 50% a year compounded. And this steeply rising earnings curve is thought to impel share prices to substantially higher future levels in a magnetic sort of way. Whether or not electronics deserve a 30 to 50 price times earnings ratio against 13 times for paper stocks and 10 or 11 for oils and rails, remains to be seen. Surely nobody is buying electronics for cash dividends since, in most cases, these are meager or non-existent. The elite companies such as Texas Instruments reward their shareholders with regular stock dividends, laced with occasional splits.

For the smaller but surging companies—Loral, FXR, Varian, Electronic Associates—each company is a law unto itself, and the subject shares will vary according to current and projected prospects and reports of any exciting new product or technological advance.

Another thing investors should consider is the scarcity value of electronic shares. The more people hear about dazzling gains in this field, the more avidly do they bid for the well heralded issues available. This creates a roaring demand versus a limited supply. Consider for example that General Motors has 281,966,000 common shares outstanding; and that is just one of our major listed industrial issues. Yet all the electronic company shares put together would total less than half that figure for outstanding shares.

Other characteristics to be observed are that the good electronic companies spend 6% to 10% of annual sales on research, of which as much as 50% may be recovered from government contracts. They plow back and reinvest earnings more so than in almost any other industry. Electronic companies have no need for heavy plant outlays as do, for example, steel or cement companies. The big plus factors observable in the winning companies are product superiority and managerial excellence—even brilliance.

For the future there is not only the rising curve of sales and earnings (Electronic sales have risen from $500 million a year in 1949, to over $15 billion for 1960) but great opportunity for interesting and profitable mergers, in which shares of smaller companies may be in lively demand.

We've talked about the great performers in recent months. What about now? Well, only as a list and without a whisper of endorsement or recommendation, here are a few electronic shares that haven't hit the moon marketwise, and may warrant some research on your part: Epsco Inc., Electronic Associates, Analogue Controls, Columbus Electronics, Precision Transformer, General Devices, Atlee Corp., Cohu Electronics and Computer Systems. And a number of people think there is considerable mileage remaining in FXR, Collins Radio, Varian and Ampex. Good luck! And remember Technicolor, a market darling selling at $85 in 1930, sold at $1 a year later!

Bennett Joins Doremus & Co.

Warren Bennett, formerly with *The Associated Press*, has joined the New York public relations staff of Doremus & Company, it was announced by the national advertising and public relations firm.

Mr. Bennett had been with *AP* in New York for 17 years, the last five as bond and banking editor. A member of the financial staff for seven years, he also was a feature writer, photo and map editor for *AP Newsfeatures.*

He is a former treasurer and member of the Board of Governors of the New York Financial Writers Association.

The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

Over-all business activity in the first half of 1960 established a record, whether measured by industrial output or the broader yardstick of gross national product, says The First National Bank of Boston in the July issue of its *New England Letter.* Continuing the bank says, enough of the various forces powering the economy had sufficient strength to keep it operating on a high plateau, though failing to move it decisively ahead in any important respect.

Although most current measures of activity have shown up well for May and June, there are some soft spots that will bear close watching. There appear to be no outstanding areas of potential new strength to provide greater upward momentum. Thus, as we move into the second half, there are somewhat more widespread misgivings about the trend in late 1960 or early 1961.

The demand for final products has been steady and strong, with total retail trade in the first half some 3% above a year earlier, exports markedly improved, and construction put-in-place only about 2% below 1959. Employment and income prospects and buying intentions continue to point to a well-sustained level of purchases. Thus, it now seems somewhat more likely that materials output will turn up, carrying over-all production moderately higher, before final products output turns down.

The broad area of building offers some promise despite the fact that the value of construction put-in-place in the first half was slightly below 1959. New housing starts have been lagging badly, but there has not yet been time enough for them to reflect the easier money market conditions, and some government stimulation still looms as a probability. In heavy construction, contract awards in the first half were some 9% ahead of last year. Since they apparently exceeded outlays, backlogs have improved.

It is evident that great basic strengths are not lacking in our economy, although these seem to suggest stability rather than any renewed upsurge. Most available evidence, while indicating that we are in the final phase of the present cyclical expansion, does not provide a useful clue to the timing of any change.

Bank Clearings Rise 2.2% Over 1959 Week

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the *Chronicle* based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday July 2, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 2.2% above those of the corresponding week last year. Our preliminary totals stand at $28,207,500,006 against $27,593,897,204 for the same week in 1959. Our comparative summary for the principal money centers for July 2nd week follows:

Week Ended July 2—	000's Omitted 1960	1959	%
New York	$14,788,767	$14,584,143	+ 1.4
Chicago	1,319,675	1,412,149	— 6.6
Philadelphia	1,201,000	1,296,000	— 7.3
Boston	918,318	882,642	+ 4.0

No New Record in Steel Production Likely in 1960

All hopes of a new record steel production this year have faded, *The Iron Age* says.

The absolute best that can be hoped for is 115 million ingot tons, the national metalworking weekly says. The magazine adds that some of the analysts in the steel industry believe production may not surpass 110 million tons.

The all-time record production was set in 1955 when 117 million ingot tons were poured. Before 1960 started, a record of 125 to 130 million tons was confidently predicted on the basis of the strike-created backlog of demand.

Over the first six months of 1960, steel mills operated at about 82% of capacity and made 61 million ingot tons. If mills operate at an average of 70% in the second half, the total for the year will be 114 million tons, *The Iron Age* says.

No hope is held out that the industry can hit 80% and 120 million tons for the year, the magazine reports. This would mean that the second half would have to be almost as big as the first.

Looking at the current low rate of production, the magazine comments that output is being cut drastically to meet the low rate of new orders for steel. This week's low in production is the result of these factors:

(1) The July 4 holiday.

(2) Plant-wide vacations.

(3) Repair and rebuilding work.

(4) Low rate of new orders.

In the weeks ahead, operating rates will depend almost entirely on incoming orders. Backlogs are virtually wiped out. So far artificial factors (such as building in-plant inventory) which have kept the operating rate at a higher

than justified by the rate of business.

t little significant pickup is cted until the seasonal factors e summer letdown are past. tomotive and some other r users of flat-rolled products nue to be the strong factors he market. Railroads, ap- ce makers, oil and gas, and e building continue to depress market with lower-than-ex- ed orders.

eel companies remote from markets have been hardest Users are filling their orders mills closest to home to as- immediate delivery, and to inate as far as possible gers of carrying small inven- s. This accounts for the wide ation in district operating s.

dual Upturn Seen After Steel tput Hits Bottom This Week

eelmaking will fall to proba- the lowest operating rate of year this week, but all signs t to a gradual pickup in pro- ion and shipments, *Steel*, the alworking weekly, said.

predicts the operating rate average 55% of capacity in , 60% in August, and 70% in tember. The third quarter rage will be 62% (vs. 94 in the quarter and 70 in the second).

he third quarter will be ked by continued liquidation inventories by steel users. nestic consumers are expected receive 17.5 million tons of l (including 1 million tons of orts). They will use 20 million s.

y Sept. 30, finished steel ks will be nearly as low as y were at the start of the year 5 million tons). Assuming an to liquidation by then, con- ners will have to buy as much el as they use in the fourth rter.

teelmakers and metalworking ecutives generally expect a tly good year despite the mid- r slowdown, the magazine said. *Steel* predicts 1960 metalwork- sales will hit $152 billion, an rease of 5% over those of 1959. cond half sales of $77.5 billion l top those in the first half by billion.

t looks for 1960 capital goods penditures to be at an annual e of $36.5 billion, up 13% over se of 1959. Second half expen- ures will be at an annual rate $37 billion vs. the first half's 5 billion.

Metalworking equipment pur- ases (orders placed) are ex- cted to hit $4.7 billion this year, increase of 17% over those of 59. Second half purchases of 5 billion will be up $333 mil- n over those in the first half.

Steel's prediction for 1960 steel oduction is 113 million tons, up % over 1959's figure, although me industry executives see a 115 llion ton output. The magazine pects second half production of million tons to be 9 million der that of the first half.

Mills worked at 54.8% of ca- city last week, melting about 560,000 ingot tons. With the ad- nt of the July 4 holiday, nothing

Continued on page 32

OBSERVATIONS . . .

BY A. WILFRED MAY

FINANCIAL POLICING—BEHIND AND AHEAD

The following 19th century item reproduced in the London *Economist* last week on the 100th anniversary of its original publication, is tremendously significant in going to the root beliefs about securities regulation on both sides of the Atlantic.

The *Economist*
June 23, 1860

CONTROLLING SPECULATION

The Act which has long been known as Sir John Barnard's Act, and which has just been repealed, is remarkable as one of the last remnants of the once prevalent disposition to regulate artificially the morality of commerce. Sir John Barnard was a very eminent and upright merchant of the last century. Like other traders of his time, he seems to have been deeply impressed by the mischievous speculations connected with the South Sea scheme, which were analogous to those of the railway mania of 1845, and to have believed that the Legislature could prevent the recurrence of similar calamities. . . . The Act further prescribes that, "for preventing the evil practice of compounding or making up differences for stocks or other securities" bought or sold, those who were concerned in such transactions should be liable to a penalty of £100; and all persons who contracted to sell stock of which they were not actually possessed at the time of such sale should be liable to a penalty of £500. The Act has, of course, been wholly inoperative. Half the business of the Stock Exchange has been carried on in spite of it. Trade will not allow itself to be restricted by statutes of this kind, and it is fortunate that it should be so. The motive of the framers of the Act was good, but their legislation was not beneficial. Like every other market, the stock market should be as free as possible. There is no more harm in buying stock deliverable at a distant day than in buying tallow so deliverable—there is no harm in selling either under such circumstances—and there is no harm in selling stock which you are not at the time possessed of; if you have not got it, you must proceed to get it. It is true that all trading transactions that deal with future times and future events have some element of chance in them; what is future is necessarily uncertain. It is also true that all transactions which have an element of chance in them may be made the means of gambling. The buying and selling of all commodities may be made so if the parties to the transactions wish it. But we should not prohibit the ordinary transactions of life because of their exceptional abuses; we must not prohibit regular commerce, because persons who are so disposed may gamble under its forms. The Stock Exchange will now have no peculiar law of its own on this subject: it will be subject to the general policy of the law as to wagers and gambling, but will not have peculiar penalties and special disabilities of its own.

Although occupied with the repeal of a regulatory statute and embodying apparent back-tracking, this news account admirably sets forth the ever-continuing British concept of the practicalities as well as ideals of legislated reforms. It, thus, also significantly highlights the trans-Atlantic divergences in this "policing" area.

Additions to British Policing

It is quite true that Britain has imposed a succession of major financial reforms over the past century. Outstanding "loose ends" in new issue distribution and Stock Exchange practice, as so deemed after lengthy consideration, were tied up under the major revision of the British Companies Act, in 1929. This followed four years of considered inquiry by the Greene Committee.

In the following decades the Greene Committee's status was taken over by the Cohen Committee. Under terms of reference to consider and report what major amendments were desirable in the 1929 Act, it published its report in June 1945. This report resulted in a new Companies Act of 1947, which emphasized the tightening up on getting the additional facts needed to disclose the effective ownership of public companies.

In the following year, this Act and the 1929 Law were consolidated in the Companies Act of 1948, the statute which is now in force. But the situation is by no means static. The provisions and workings of the 1948 Act are being actively reviewed by the Jenkins Committee. This committee is not likely to submit its report for some time, possibly a couple of years. When it does, its recommendations are expected to be as important as those of the Cohen Committee in 1945—with important legislative decisions likely to follow.

Despite the number of these major additions to the British code, the divergence from American practice is decisive—in two ways; in basic philosophy and in the technique, notably the temper, of their enactment.

Their Key Beliefs

In their attitude toward regulation, thus exhibited down through the past quarter century, the British have retained the following basic credos which are expounded in the above-cited item covering the repeal of Sir John Barnard's Act: overwhelmingly unpopular legislation is unenforceable [cf. our Prohibition experience] . . . "like every other market, the stock market should be as free as possible" . . . "we should not prohibit the ordinary transactions of life because of their exceptional abuses." And administrative rule by a commission (as our SEC) has still been avoided.

In their respective methods of enacting, or inflicting, regulation, is the British-American divergence equally sharp. The timetables covering our above-cited sketchy summary of the several British inquiry committees' laborings and the carefully arrived-at legislation compose a sharply contrasting picture to our helter-skelter, harum-scarum way of getting "reform" on to the statute books.

The U. S. Prescription: Panic or Scandal

Truly *our* prerequisite is either a market panic, or a major scandal. We saw this instanced in the insurance legislation following the Armstrong Investigation of 1905-1907; in Samuel Untermyer's Pujo Money Inquiry of 1911-1912; and, most vividly, in the post-1929 Crash enactment of our complex of Federal securities legislation, with the establishment of the SEC, following the widely publicized Pecora Investigation of 1933-1934.

That Supposedly "New Deal" Market Investigation

The writer has only this week been checking on some of the latter's relevant details in a "reminiscing-bee" with Judge Pecora. Actually, the "Stock Market Investigation" did *not* originate with the New Deal. It was initiated by President Hoover. Early in 1932, the story was brought to the harassed President by Republican leaders that gigantic bear raids were being organized to accelerate sowing the seeds of business panic for political purposes. Consequently an investigation into raids and general short-selling, under the sub-committee chairmanship of Senator Norbeck of North Dakota, and with William Z. Gray, a criminal lawyer from Philadelphia as counsel, was begun in February 1932. The scope was somewhat expanded in June and July under the urging of Carter Glass. But after the election returns were in, and digested, in January 1933, Ferdinand Pecora, on the recommendation of Frank L. Polk, was engaged by Senator Norbeck to take over and expand the Investigation. How the chief assistant district attorney of New York County, with the invaluable support of Senators Norbeck and Duncan U. Fletcher of Florida, who took over the Chairmanship, then "went to town" on the Sacred Cows is now primary-grade financial history.

But it must not be forgotten that the perennial American prerequisites—scandal and public loss—were both present then; and to the n-th degree.

So shall we conclude that Wall Street has nothing to worry about on this score—for the present?

Goodbody & Co. Admits Partners

Goodbody & Co., 2 Broadway, New York City, members of the New York Stock Exchange and other leading stock and commodity exchanges announces that Joseph F. Binford and Joseph F. Neil, Jr., have been admitted to the firm as general partners. Both new partners are in the firm's home office in New York.

Joseph F. Binford Joseph F. Neil, Jr.

Before joining Goodbody in 1954, Mr. Neil was associated with the Magnavox Co., Fort Wayne, Ind., as assistant to the treasurer. From 1947 to 1954 he was associated first with Price, Waterhouse & Co. and then Marshall Field & Co., both in Chicago.

Mr. Binford will continue as assistant director of the Production Unit Division in the home office. Prior to coming to New York he was co-manager of the firm's office in Dallas, Tex.

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

There has been very little activity in the tax-exempt bond market during the past week. The long holiday weekend precluded heavy new issue financing and detracted generally from investor interest in recent new issue offerings. However, the bond market generally, and the government market specifically, showed improvement the past few days, largely through professional interest. Treasury issues were up as much as one-half point on Tuesday and further gains were reported at yesterday's opening. These markets are known to be very thin.

Treasury Prices Up Sharply Since Advent of 1960

It is interesting to note that many Treasury issues are up from five to nine points since the year-end. Some of the very short Treasury issues are up as much as four points. The state and municipal issues have done relatively less well. *The Commercial and Financial Chronicle's* average yield Index points out that the state and municipal bond market for twenty year high grade bonds has risen about 3.85 points. During this same period the Smith, Barney & Company Turnpike bond Index construes an average rise of close to six points. This index is derived from long-term bonds of lower ratings than obtain for the Treasury and municipal issues.

These comparisons do point up the consistent leadership involved in the market for Treasury bonds. They also tend to emphasize the problem of volume marketing in the state and municipal bond category as yields recede.

Lesser Investor Interest in Municipals

When our municipal index stood at 3.68% early in the year and the market was unusually broad and demand extended to all categories of buyers. Although the average is less than four points higher today, and yields continue to be comparatively generous, investor interest has shrunk considerably. In January we had many high grade general obligation offerings yielding in the 4.00% area. Today we have but few and they are usually of extremely long maturity. This circumstance has excluded many of our large insurance companies and most of our individual investors from active interest in the tax-exempt market.

Partly as a consequence, inventory has slowly built up to the extent that dealers' shelves are now piled high with a record-breaking volume of inventory. The "Blue List" total of state and municipal offerings currently stands at $446,736,900. We are told that this is a new high record. As we have mentioned before, this volume of float, for more than a brief period, is necessarily a negative market factor. Dealers cannot, and will not sit around with this amount of inventory, holding and hoping for demand at the current price level. Some discriminating price adjusting and or cutting seems inevitable even though long anticipated changes in bank reserve requirements and for further interest rate changes eventuate in the period ahead.

In connection with the street float of tax-exempt bonds, it seems well to relate it with the new issue volume foreseeable. The calendar is not heavy at present but potentially and expectantly there is a large amount of borrowing for the months ahead. Experts believe that the 1960 volume will substantially exceed the 1959 volume; the market being up to it. Thus far this year volume is behind 1959.

Busy Summer in Prospect

Investor habits change progressively and it no longer holds that the two summer months are necessarily quiet as to underwriting activity. Twelve month Federal financing problems have largely altered this circumstance. Before the war we could always depend on an easier bond market during August but such is not axiomatic now. In view of general capital demands—Federal, state and local—there should be little bond market relaxation ahead. Although the state and municipal new issue schedule totals less than half of the $750,000,000 it did recently, this total is likely to expand at almost anytime as more state, municipal and authority borrowers hasten to take advantage of the improved market.

Recent New Financing

This week's most interesting new issue sold at 1 p.m. yesterday (July 6) following the deliberation of several competing groups. The $19,000,000 Salt River Project Agricultural Improvement and Power District, Ariz. (1963-1992) bonds were awarded to the high bidding group headed by the Harris Trust & Savings Bank, The Chase Manhattan Bank, Chemical Bank New York Trust Company, The Northern Trust Company, Bankers Trust Company and many others. This good grade issue secured by the full faith and credit of the area surrounding Phoenix, has been popular with investors. Priced to yield from 2.90% to 4.05%, investor interest should be widespread. There is no report on sales at this writing.

Yesterday's other important new issue offering involves $10,695,000 State of North Carolina (1961-1980) bonds. This highly rated general obligation offering was appropriately won by the group headed by Wachovia Bank and Trust Company which has its main office in Winston-Salem. The reoffering scale of yields runs from 1.85% to 3.10%. It is reported that more than half the bonds were out of account at the end of the order period.

On Tuesday the Bank of America, Wells Fargo Bank American Trust Company, Blyth & Company and others won $2,250,000 Alameda County Flood Control and Water Conservation District, Calif. (1961-1990) general obligation bonds. Yields ranged from 2.70% to 4.35% on reoffering. A good reception is reported.

Earlier Emissions

Thursday, a week ago, three sizable Texas issues came to market. The Dallas Independent School District awarded $15,000,000 (1961-1980) bonds to The Chase Manhattan Bank group which included Smith, Barney & Company, Harris Trust and Savings Bank, Continental Illinois National Bank and Trust Company, John Nuveen & Company and others. The yield scale went from 2.20% to 3.55%. The issue has been about half taken.

The El Paso, Texas Independent School District awarded $6,000,000 (1961-1980) bonds to Chemical Bank New York Trust Company, Harriman Ripley & Company, The First Boston Corporation, Blyth & Company and others. The bonds were priced to yield from 2.40% to 3.80%. The same group won $3,000,000 El Paso, Texas, general obligation bonds (1962-1985) and offered them at prices to yield 2.70% to 3.90%. These issues have been better than half sold.

With the *Chronicle's* tax-exempt bond yield Index now at 3.415% against 3.423% a week ago, the average market rise represented is less than a quarter point for the period. On June 30 the Smith, Barney & Company Turnpike bond yield Index was 3.93% against 3.94% the previous week. This, too, represents a market improvement of less than a quarter point.

The Big Ones Ahead

The largest scheduled issues in the near future include $37,000,000 Chicago, Ill. (1962-1979) bonds selling July 7, $27,000,000 Nassau County, New York (1961-1989) bonds selling July 12, $25,500,000 Eugene, Oregon utility revenue (1975-2004) bonds selling July 19, and $30,000,000 State of Washington Toll Bridge Authority (due 2000) bonds selling July 20.

The only important negotiated type issue apparently close to market is the $210,000,000 Chesapeake Bay Bridge and Tunnel District project. This First Boston Corporation, Allen & Company, Merrill Lynch, Pierce, Fenner & Smith, Willis, Kenny & Ayres, Inc. undertaking may possibly come to market late in July.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.95%	3.80%
Connecticut (State)	3¾%	1980-1982	3.50%	3.35%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.35%	3.25%
New York (State)	3%	1978-1979	3.15%	3.05%
Pennsylvania (State)	3⅜%	1974-1975	3.20%	3.05%
Vermont (State)	3⅛%	1978-1979	3.20%	3.10%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.50%	3.35%
Los Angeles, Calif.	3¾%	1978-1980	3.90%	3.75%
Baltimore, Md.	3¼%	1980	3.50%	3.40%
Cincinnati, Ohio	3½%	1980	3.40%	3.30%
New Orleans, La.	3¼%	1979	3.60%	3.45%
Chicago, Ill.	3¼%	1977	3.80%	3.65%
New York City, N. Y.	3%	1980	3.95%	3.80%

July 6, 1960 Index=3.415%

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.

July 7 (Thursday)			
Chicago, Illinois	37,000,000	1962-1979	10:00 a.m.
Dist. of Columbia, Armory Board	19,800,000	--------	Noon
Elko County, School Dist., Nevada	1,350,000	1963-1980	8:00 p.m.
Newton, Massachusetts	1,400,000	1961-1980	11:00 a.m.
St. Petersburg, Florida	5,000,000	1961-1985	11:00 a.m.
Sedalia School District, Missouri	1,665,000	1961-1980	7:30 p.m.
Yorktown, New Castle & Cortlandt Central School Dist. No. 2, N. Y.	4,536,000	1961-1989	2:30 p.m.
July 11 (Monday)			
North Platte, Nebraska	1,988,000	1961-1983	7:30 p.m.
Santa Maria Joint Junior College District, California	1,000,000	1961-1980	10:00 a.m.
University of Pennsylvania	3,180,000	1962-1999	10:00 a.m.
July 12 (Tuesday)			
Anne Arundel County, Maryland	9,750,000	1962-1985	11:00 a.m.
Anne Arundel County Sanitary Commission, Maryland	4,400,000	1962-1990	11:00 a.m.
Ball State Teachers College of Indiana, Indiana	2,500,000	1962-1989	10:00 a.m.
Beloit, Wisconsin	1,950,000	1961-1980	11:00 a.m.
Denton, Texas	2,300,000	1962-1990	10:30 a.m.
Escanaba Area Sch. Dist., Michigan	2,800,000	1961-1989	8:00 p.m.
Gouverneur, Fowler, Etc., N. Y.	1,490,000	1961-1990	2:00 p.m.
Grand Rapids, Michigan	1,000,000	1961-1975	3:00 p.m.
Greece Central S. D. No. 1, N. Y.	1,570,000	1960-1077	2:00 p.m.
Hamilton Co., Tennessee	2,000,000	1962-1985	11:00 a.m.
Hamilton County, Tennessee	2,000,000	1962-1985	11:00 a.m.
Henderson State Teacher's College, Arkansas	1,384,000	1960-1999	11:00 a.m.
Huntington Beach Union High School District, California	5,100,000	1961-1980	11:00 a.m.
Lindbergh School Dist., Missouri	1,000,000	1961-1980	9:00 a.m.
Montebello Unified Sch. D., Calif.	4,800,000	1961-1980	9:00 a.m.
Nassau County, New York	35,596,000	1961-1989	Noon
New Orleans, Louisiana	6,200,000	1962-1990	10:00 a.m.
Redondo Beach, California	8,750,000	1963-1980	10:00 a.m.
Sacramento, California	6,000,000	1961-2000	--------
Santa Ana School District, Calif.	5,100,000	1961-1980	11:00 a.m.
Santa Clara County, California	11,498,000	1961-1985	11:00 a.m.
Seymour, Connecticut	1,872,000	1961-1979	2:00 p.m.
University of Texas	5,000,000	--------	10:00 a.m.
July 13 (Wednesday)			
Bernards Township Sch. Dist., N. J.	1,532,000	1961-1980	8:00 p.m.
Birmingham, Alabama	8,500,000	1961-1990	11:00 a.m.
Needham, Massachusetts	2,300,000	1961-1979	2:00 p.m.
North Hempstead & Oyster Bay U. F. S. D. No. 3, New York	2,111,000	1962-1990	11:00 a.m.
July 14 (Thursday)			
Iron Co., Utah	1,200,000	1960-1974	--------
University of Puerto Rico	5,440,000	--------	Noon
Wayne County, Michigan	2,348,000	1962-1980	11:00 a.m.
July 19 (Tuesday)			
Albuquerque, New Mexico	5,430,000	1961-1980	10:00 a.m.
California	3,000,000	1965-1984	10:00 a.m.
Erie County Institution Dist., Pa.	2,925,000	1961-1990	11:00 a.m.
Eugene, Oregon	25,500,000	1965-2004	--------
July 20 (Wednesday)			
Broward County, Florida	4,000,000	1966-1990	Noon
Central Missouri State College, Missouri	4,158,000	1961-2000	2:00 p.m.
Quincy Comm. School Dist., Mich.	1,425,000	1961-1989	8:00 p.m.
Washington Toll Bridge Authority, Washington	30,000,000	2000	9:00 a.m.
July 21 (Thursday)			
Davis & Salt Lake Counties Sewer District, Utah	1,750,000	1963-1990	8:00 p.m.
July 22 (Friday)			
Carlsbad, New Mexico	1,950,000	1961-1970	3:00 p.m.
July 26 (Tuesday)			
Alhambra City School Dist., Calif.	1,000,000	1961-1979	9:00 a.m.
Lake County Special Tax School District No. 1, Florida	5,600,000	1962-1979	11:00 a.m.
Thibodaux, Louisiana	1,500,000	1963-1990	3:00 p.m.
July 27 (Wednesday)			
Assumption Parish S. D. No. 1, La.	1,400,000	1963-1985	2:00 p.m.
July 28 (Thursday)			
Delaware Co., Pennsylvania	5,150,000	1961-1990	2:00 p.m.
Delaware Co., Institution District, Pennsylvania	3,150,000	1961-1990	2:00 p.m.
July 29 (Friday)			
Farmington School District, Mich.	1,500,000	1962-1986	8:00 p.m.
Aug. 1 (Monday)			
Seattle, Washington	4,500,000	1962-1980	10:00 a.m.
Aug. 3 (Wednesday)			
Wichita School Dist. No. 1, Kansas	2,500,000	1961-1980	9:00 a.m.
Aug. 9 (Tuesday)			
New Ulm Independent School District No. 83, Minnesota	1,100,000	1963-1980	2:00 p.m.
Aug. 10 (Wednesday)			
Terrebonne Parish, Louisiana	1,300,000	1961-1980	10:00 a.m.
Aug. 23 (Tuesday)			
Iberville Parish, Louisiana	1,000,000	--------	2:30 a.m.
San Mateo Jr. College Dist., Calif.	5,900,000	--------	--------

Disinflation Success or Failure in Britain?

By Paul Einzig

To what extent will Britain's hike in the Bank Rate to 6% and other disinflationary moves succeed in realizing its objectives? In answer to this, Dr. Einzig does not anticipate a slow down in capital goods production nor in the consumer goods sector except for a short period of time. Moreover, he expects the drive for higher wages will go on and, thus, prevent consumer demand from declining. Dr. Einzig says it will take additional pressure on sterling, with or without deterioration in the balance of payments, to compel further disinflationary steps.

LONDON, England—The increase in the Bank Rate to 6% has now produced its immediate effect on the Stock Exchange and on sterling. The former registered an all-round decline which together with previous decline wiped out more or less the gains of many equities since the beginning of this year, and even a large part of their gains achieved immediately after the General Election in October. In the Foreign Exchange market sterling became reasonably steady in spite of the pressure caused by the firmness of the D. Mark. In so far as the authorities aimed at discouraging an unwanted Stock Exchange boom and strengthening sterling, the measure has attained these ends.

The question is whether the high Bank Rate will succeed in preventing a resumption of the rise in prices and costs. The answer depends on the prospects of business expansion and on the prospects of wage increases. In prewar days these two were one and the same thing. In our days, however, it is possible to envisage wage increases even amidst relatively depressed trade, and the difference between wage increases amidst such conditions and amidst booming trade is merely one of degree.

Curtailed Business Pace

As far as business prospects are concerned it now seems probable that the high Bank Rate together with the other disinflationary measures will achieve what they have set out to achieve. There are indications of curtailment of industrial production in consumer goods and especially in consumer durable goods. There have been actually some redundancy dismissals, overtime has been stopped in some instances and in other instances a shorter working week has been introduced. On the other hand, capital goods industries in general appear to be going ahead undaunted by the higher Bank Rate and by the threat uttered by the Chancellor of the Exchequer recently that we have to envisage frequent Bank Rate changes in the future. Capital goods industries have to plan further ahead than consumer goods industries and they are not well placed for changing about their production plans drastically each time there is a Bank Rate change.

Wage Drive to Continue

As for wages prospects there is no reason to expect that the setback in business expansion will prove to be sufficient to slow down materially the rise, let alone check it altogether. Simultaneously with the announcement for shorter working weeks in some factories the engineering and shipbuilding unions put forward a major wage demand. The long-delayed wage increase to railroad employees has just been granted with retrospective effect. Dock laborers and others seem to be very "trigger-happy" with their strike threats regardless of the restraining hands of the trade unions. It seems reasonable to expect therefore, that any decline in purchasing power that is likely to result from increased unemployment and cuts in working hours will be more than offset by wage increases. This means that consumer demand, so far from contracting, will continue to increase even though at a reduced pace.

In such conditions any decline in the output of consumer goods industries is likely to be of short duration. Manufacturers and merchants will want to reduce their stocks because of the high cost of financing them and also because of the uncertainty of the outlook. Once it becomes evident that consumer demand so far from declining will continue to progress manufacturers will be prepared to replenish their stocks in spite of the high interest charges.

Much depends on the developments of instalment buying. The higher Bank Rate did not increase instalment credit charges, which had been already very high. With the exception of one leading bank which increased its interest rate on personal credits, there has been no change. On the other hand, it is conceivable in view of the uncertainty of the outlook that employees will curtail their instalment credit purchases. Indeed, one of the objects of the credit squeeze and other measures has been precisely to slow down the pace at which instalment buying had been increasing lately.

Whether or not the Government will resort to further disinflationary measures will depend not so much on the domestic economic situation as on the development of the balance of payments position and of the trend of sterling. The authorities would be quite willing to shut their eyes to a moderate degree of inflation if they were satisfied that they would not have to pay the price in the form of a deterioration of the balance of payments and a weakening of sterling. There is reason to believe that the last straw that induced the Treasury to agree to an increase in the Bank Rate was the adverse change in Britain's trade figures with the dollar area during May.

The German situation, too, is giving cause for a certain amount of anxiety. As a result of the firmness of sterling since 1958 fairly substantial foreign balances have accumulated in London. Much of them is available for transfer to Germany in the hope of a revaluation of the D. Mark, or to take advantage of the high yield of German Government securities and of the premium on forward D. Marks. Even without any actual deterioration of the British balance of payments a pressure on sterling might force the authorities to resort to further disinflation.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Budget Surplus — Discussion in July issue of *Investornews*—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. In the same issue are reports on **Eastman Kodak, Food Chains, Major Missiles and Their Makers, St. Louis-San Francisco Railway, American Seating, J. C. Penney, and American Optical.** Also available are memoranda on **Mercantile Stores, Gould National Batteries, Lily Tulip Cup** and **Permanente Cement.**

Canadian Business — Review — Bank of Montreal, Montreal, Que., Canada.

Commercial Bank Stocks — Data on 47 banks and six holding companies—The First Boston Corporation, 15 Broad Street, New York 5, N. Y.

Convertible Preferred Stocks — Selected list — Paine, Webber, Jackson & Curtis, 25 Broad St., New York 4, N. Y. Also available are data on **Chesapeake & Ohio, Federated Department Stores, Marine Midland Corp., General Precision Equipment Corp., Collins Radio, Steel Industry** and **California Electric Power.**

Electric Utility Common Stocks — What price growth—Bache & Co., 36 Wall Street, New York 5, N. Y.

Electronic Data Processing—Analysis of the industry—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available is a comparison of **Aluminum Co. of America** and **American Metal Climax.**

Electronic Stocks—Bulletin—Hill, Darlington & Co., 40 Wall Street, New York 5, N. Y.

Fire & Casualty Insurance Stocks —Comparison & Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Growth Areas — Investing in the fastest growing areas — Hemphill Noyes & Co., 15 Broad Street, New York 5, N .Y.

Industrial Opportunities in Treasure Chest Land—Booklet on natural resources of the area served—Utah Power & Light Co., Dept. K, Box 899, Salt Lake City 10, Utah.

Japanese Market — Review — Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. Also available are reports on **Maruzen Oil Co., Ltd., Koa Oil Co., Ltd., Showa Oil Co., Ltd.,** and **Mitsubishi Oil Co., Ltd.**

Money Supply — Report — New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Japanese Stocks — Monthly stock digest and economic review — Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y.

Natural Gas In Canada—Analysis —Lampard & Company Limited, 62 Richmond Street West, Toronto, Ont., Canada.

Oil Shares — Bulletin — Ralph E. Samuel & Co., 2 Broadway, New York 4, N. Y.

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Pakistan — Brochure — The First National City Bank of New York, 55 Wall Street, New York 15, N. Y.

Pharmaceutical Industry—Review — J. R. Williston & Beane, 2 Broadway, New York 4, N. Y.

Public Utility Common Stocks — Comparative figures—G. A. Saxton & Co., Inc., 52 Wall Street, New York 5, N. Y.

Securities Selections—30 common stocks favored at this time—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y.

Speculation, 1960 Style — Discussion—Winslow, Cohu & Stetson, Inc., 26 Broadway, New York 4, N. Y. Also available is a discussion of **Minneapolis & St. Louis Railway.**

Tax Exempt Bond Market—Midyear survey—Halsey, Stuart & Co., Inc., 123 South La Salle Street, Chicago 90, Ill.

Treasury Financing—Review—C. F. Childs and Company Incorporated, 1 Wall Street, New York 5, N. Y.

Understanding Put & Call Options —Herbert Filer—Crown Publishers, Dept. A-7, 419 Park Avenue, South, New York 16, N. Y.—$3.00 (ten day free examination).

Vending Industry—Review—A. M. Kidder & Co., Inc., 1 Wall St., New York 5, N. Y. Also available are a review of **Airline Stocks** and memoranda on **Aetna Life Insurance, Gulf Life, Provident Life & Accident** and **Travelers.**

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ACF Industries, Inc.—Analysis—T. L. Watson & Co., 25 Broad St., New York 4, N. Y.

Abbott Laboratories—Analysis—Robert Garrett & Sons, Garrett Building, Baltimore 3, Md.

American Cyanamid Company — Data—Oppenheimer, Neu & Co., 120 Broadway, New York 5, N. Y. Also available are data on **American Telephone & Telegraph Company, Avco Corporation** and **United Aircraft Corporation.**

American States Insurance Company — Report — City Securities Corporation, Circle Tower, Indianapolis 4, Ind. Also available is a report on **Marsh Foodliners Inc.** and a list of **Indiana** securities free from the Indiana Intangibles Tax.

Atlee Corporation — Analysis — Schirmer, Atherton & Co., 50 Congress Street, Boston 3, Mass. Also available is an analysis of **Technology Instrument Corp.**

Barber-Greene Company — Analysis—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available are reports on **Interstate Hosts** and **Dura Corp.**

Blossman Hydratane Gas, Inc. — Report—S. D. Fuller & Co., 26 Broadway, New York 4, N. Y.

Boeing Airplane Company — Bulletin—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y. Also available is a memorandum on **General Time.**

Borden — Memorandum — F. P. Ristine & Co., 123 South Broad Street, Philadelphia 9, Pa.

Bristol Myers — Memorandum — Jas. H. Oliphant & Co., 61 Broadway, New York 6, N. Y.

Bristol Myers Company—Data—Freehling, Meyerhoff & Co., 120 South La Salle Street, Chicago 3, Ill. Also available are data on **Hooker Chemical Corporation.**

Brown Forman Distillers Corp.—Analysis — Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y. Also in the July *Investment Letter* are data on **Owens Corning, Owens Illinois Glass, Gustin Bacon, Motorola, Food Machinery & Chemical,** and **Edo Corp.**

Bulova Watch Company Inc.—Analysis — Parrish & Co., 40 Wall Street, New York 5, N. Y. Also available is an analysis of **Public Service Company of North Carolina.**

Carolina Natural Gas Corporation — Bulletin — Varnedoe, Chisholm & Co., Inc., P. O. Box 203, Savannah, Ga.

Cascade Pools—Memorandum—R. A. Holman & Co., Inc., 54 Wall Street, New York 5, N. Y.

Chicago & Northwestern Railway — Report — Hicks & Price, 231 South La Salle Street, Chicago 4, Ill.

Colgate Palmolive Co.—Review—Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also available is a review of **Phelps Dodge Corp.**

Collins & Aikman — Analysis — Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y. Also available are reports on **Cooper Bessemer Corporation** and **Commercial Credit Company.**

Colorado Interstate Gas Co. — Memorandum — Merrill Lynch, Pierce, Fenner & Smith, Incorporated, 70 Pine Street, New York 5, N. Y. Also available are memoranda on **Minnesota & Ontario Paper Co.; Pitney Bowes Inc.,** and **S. D. Warren Co.**

Crown Cork & Seal Company, Inc. —Analysis—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

Daystrom—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Fairmont Foods—Data—Boenning & Co., 1529 Walnut Street, Philadelphia 2, Pa. Also available are data on **Morningstar Paisley** and **Southwest Gas Corporation** and a memorandum on **Douglas Oil.**

Garrett Corporation — Report — Droulia & Co., 25 Broad Street, New York 4, N. Y.

Georgia Pacific—Review—Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also available is a report on **Rexall Drug.**

Goddard, Inc. — Special Report — Hardy & Hardy, 11 Broadway, New York 4, N. Y.

W. R. Grace & Co. — Review — Robert W. Baird & Co., 110 East Wisconsin Avenue, Milwaukee 1, Wis. Also available are data on **Taft Broadcasting, Simplicity Manufacturing** and **Allis Chalmers.**

Houston Corporation—Analysis—R. S. Dickson & Company, Incorporated, Wachovia Bank Building, Charlotte 2, N. C.

Interchemical — Memorandum — Steiner, Rouse & Co., 19 Rector Street, New York 6, N. Y.

Jefferson Electric — Memorandum —Ralph W. Davis & Co., 180 West Adams Street, Chicago 3, Ill.

Loew's Theatres—Survey—Abraham & Co., 120 Broadway, New York 5, N. Y. Also available are surveys of **Sterling Drug** and **Tennessee Corporation.**

Merchants Fast Motor Lines—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Micromatic Hone Corporation — Bulletin — De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y.

Orange & Rockland Utilities Inc. —Analysis—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available is a report on **Air Products, Inc.** and a list of 10 **Uncommon Values in Common Stocks for 1960.**

Philips Lamp — Analysis — L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

R. J. Reynolds Tobacco Company — Report — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are comparative figures on large **Electric Power & Light Companies.**

Scott & Fetzer Company—Analysis—McDonald & Company, Union Commerce Building, Cleveland 14, Ohio.

Southern Indiana Gas & Electric Co.—Report—Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Standard Brands — Memorandum —Carnes & Co., Suffolk, Va. Also available is a memorandum on **Planters Nut & Chocolate.**

Star Market Company — Analysis —H. Hentz & Co., 72 Wall Street, New York 5, N. Y.

Technical Operations Inc.—Bulletin—Weil & Co., 734 15th Street, N. W., Washington 5, D. C.

United Components, Inc. — Bulletin—Darius Incorporated, 80 Pine Street, New York 5, N. Y.

United Corporation — Analysis — Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Georgia Pacific Corp.; American Viscose; Bobbie Brooks, Inc.; Chrysler Corp.; Otis Elevator Co.,** and **Municipal Bonds.**

United Shoe Machinery—Memorandum — Pershing & Co., 120 Broadway, New York 5, N. Y.

United States Chemical Milling Corporation—Report—First California Company Incorporated, 300 Montgomery Street, San Francisco 20, Calif.

COMING EVENTS

IN INVESTMENT FIELD

July 10-Aug. 5, 1960 (Evanston, Ill.)
Fundamentals of Investment Banking—4 week resident summer course at Northwestern University sponsored by Investment Bankers Association.

Aug. 12, 1960 (Detroit, Mich.)
Basis Club annual summer outing at the St. Clair Inn and Country Club, St. Clair, Mich.

Sept. 9-11, 1960 (Portland, Oreg.)
Pacific Northwest Group of Investment Bankers Association annual meeting at the Sheraton-Portland.

Sept. 11-14, 1960 (Sun Valley, Idaho)
National Security Traders Association Annual Convention.

Sept. 12-13, 1960
Association of Stock Exchange Firms meeting of the Board of Governors at the Statler - Hilton Hotel, Hartford, Conn.

Sept. 12-13, 1960 (Denver, Colo.)
Rocky Mountain Group of Investment Bankers Association meeting.

Sept. 15-16, 1960 (Cincinnati, Ohio)
Municipal Bond Dealers Group of Cincinnati annual outing — cocktails and dinner Sept. 15 at Queen City Club; field day Sept. 16 at Kenwood Country Club.

Sept. 21-23, 1960 (Santa Barbara, Calif.)
Board of Governors of Investment Bankers Association fall meeting.

Sept. 30, 1960 (Philadelphia, Pa.)
The Bond Club of Philadelphia 35th Annual Field Day at the Philmont Country Club, Philmont, Pa.

Oct. 5, 1960 (New York City)
New York group of Investment Bankers Association of America annual dinner at the Waldorf-Astoria.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Congress adjourned between eight and nine o'clock Sunday morning after hassling all night over a bill to give the President discretionary authority to cancel or lower Cuba's sugar quota, a possible prelude to intervention in Cuba within the next few months.

There is a realization on all sides that we have taken about all we can take and some move to protect American property will have to be taken soon. Castro has threatened to seize every American holding in Cuba if the sugar quota is rearranged even down to the nails in their shoes. But he has been seizing property right along and patience with him is not likely to cause him to let up. It seems that the only thing to do is to have a showdown.

There was no desire in Congress to deny the President authority to readjust the sugar quota. The quarrel between the two Houses was over how the quota should be alloted, whether to domestic suppliers or foreign countries. For the past several weeks demands that the President act tough with Cuba have been growing in Congress.

Congress is to come back August 18, that is, the Congress will officially convene then but the House won't get down to work until a week later.

It will be a miracle if Congress accomplishes anything when it comes back. Politics will rent the air. To say the least, the bills to be considered are expected to be given a wild treatment. There is the medical aid for the aged. Under the conditions in which Congress will operate, it is more likely than not that Congress will pass a bill which the President will have to veto. It will be closer to the original Forand bill which would tie the medical aid to social security than the bill that had been planned and was satisfactory to the President. This is also true of the minimum wages law. Organized labor is seeking a bill of $1.25 an hour and broadening of the coverage to embrace millions of additional workers. The House, in passing a very moderate bill, made a mistake and instead of adding any additional workers knocked out millions or more of workers that are covered under the original act. It had been planned for the Senate to take the House bill, but now it will have to write a new bill and the pressure will be great to pass a bill that the President cannot accept.

The Federal aid to education bill was greatly modified by the House and leaders thought they could have the Senate accept it without much more ado. This they could probably have done had it been possible to pass it in the closing days of the session but now, with a new session to start, it will be surfeited with politics.

No chance is believed to exist for the passage of new housing legislation. Rather, it is believed Congress will simply pass a continuing resolution to carry on the present housing program.

If the Democrats nominate anybody except Adlai Stevenson we will have the spectacle of two Presidential candidates facing each other day after day. This will not make for calmness and statesmanlike deliberation.

Each party will be trying to get an advantage over the other. As unsatisfactory as this situation is likely to be, there is nothing else that could have been done. It was impossible for Congress to have finished all of its business before adjournment in time for the conventions. The Democrats meet on July 11 and the Republicans on July 21.

In 1948 Mr. Truman called Congress back after the conventions. Not a bit of business was transacted. However, the Congress was called back that time against its will and because Mr. Truman was playing politics himself. In fact, he made a campaign issue of Congress' failure to do anything. He went up and down the country denouncing it as the "do-nothing" Congress. It turned out to be a right effective issue.

This time, Congress is coming back of its own will. It will do something but in what way it will do it is not likely to be helpful to the country.

Wheeler & Cruttenden Opens

LOS ANGELES, Calif.—Wheeler & Cruttenden, Inc., has opened offices at 639 South Spring Street, to engage in a securities business. Officers are John E. Wheeler, President; Walter W. Cruttenden, Jr., Vice-President; and Y. V. Meron, Secretary - Treasurer. Mr. Wheeler was formerly an officer of Hill Richards & Co. Mr. Cruttenden was a partner in Cruttenden, Podesta & Co., of Chicago.

Mead Joins Laidlaw & Co.

Laidlaw & Co., 25 Broad Street, New York City, private bankers and members of the New York Stock Exchange and other leading exchanges have named James J. Mead as manager of the firm's newly established institutional department, it has been announced. Mr. Mead comes to the firm from Francis I. duPont & Co. where he had been director of training.

Prior to his connection with the investment brokerage business, Mr. Mead had been an assistant vice-president of the Chemical Bank & Trust Co. and an assistant vice-president and investment officer of the Greenwich Savings Bank of New York.

Scobell, Chairman, Dominick Corp.

MONTREAL, QUE., CANADA — Sydney C. Scobell has been elected chairman of the board of directors of Dominick Corporation of Canada, 360 St. James Street, West.

Sellgren, Miller & Co. Formed on Pacific Coast

LA MESA, Calif.—Sellgren, Miller & Co. has been formed with offices at 5810 Severin Drive to engage in a securities business. Partners are David M. Sellgren and Robert K. Miller. Mr. Sellgren was formerly El Cajon manager for Norman C. Roberts Co. Mr. Miller was in the syndicate department of Mason Brothers in Oakland.

Obtaining More Than Fair Bank Portfolio Performance

By Roger A. Lyon,* *Assistant Vice-President, Chase Manhattan Bank, New York City*

Mr. Lyon rejects unyielding adherence to either extreme of trading or fixed policies in the management of a bank's bond portfolio in casting his preference for the in-between course which he terms the flexible approach. After touching lightly on the liquidity area of a bank's portfolio, he concentrates on the usefulness of the flexible approach in the residual employment of portfolio funds not needed for liquidity purposes and available to generate income. In warning against the vulnerability of principal during rising interest rates, Mr. Lyon suggests emphasis on shorter maturities during low interest rate periods, and vice versa, when money rates are high. Recommended as a guide to timing portfolio shifts, the banker finds that the net reserve position of the banking system makes an excellent "warning flag."

In essence the bond portfolio does represent a major operating factor of the commercial bank, and as such, it is certainly worthy of special consideration, both here and at home.

Roger A. Lyon

Generally speaking, the particular approach to portfolio management pursued by the individual banker may range anywhere between two extremes, from a fixed policy to a trading policy. The fixed investment policy entails a minimum of market activity, an unyielding acceptance of certain investment media, and a relatively constant maturity pattern come fair weather or foul. At the opposite extreme is the trading approach which entails continuous market transactions to gain price spreads, a constantly changing portfolio composition and a maturity pattern which reflects market conditions only.

Contrasts Two Approaches

Both of these extremes have their advantages and disadvantages, of course, and it might be well simply to review the more obvious. The fixed policy entails relatively little investment trading, requires a minimum amount of attention, and supposedly is designed to produce average investment experience. However, it does ignore market considerations and possibilities as well as tax considerations (that factor which absorbs 52% of earnings). Furthermore, it may adversely effect the operation of the bank during periods of important loan demands and again during periods of business recession, for while it is designed to produce average investment experience, it does not consider especially the potentially varying needs of the bank. The trading approach, on the other hand, requires close contact with the market, an important background in investments, and a very clear crystal ball. Market and tax considerations provide the focal point of policy, but the pursuit of investment return is often, again, at the expense of the bank's operating needs and requirements.

My sympathies lie with neither of these extremes, but with an in-between course which might simply be called a flexible approach to portfolio management. The primary objective of the approach is to coordinate the portfolio operation to the other major considerations of the bank within the concept of a flexible investment market. While market transactions are more readily entertained than in the fixed portfolio, such moves are effected within the confines of a policy framework designed to accomplish particular objectives, not simply to trade in market spreads. Utilization of various investment media shifts with changing bank needs and market conditions, as to maturity patterns within the portfolio. While the flexible portfolio policy requires some investment understanding, it more importantly utilizes our knowledge of banking conditions (something we all must admit to having) to develop better than average investment results and more satisfactorily meet the bank's requirements.

Fulcrum Function of Capital Accounts

Before proceeding, I should develop first by impression of the function of the portfolio. I like to think of the portfolio as part of a see-saw operation with the other major factors at work in the bank. At one time in our lives, I am sure we have all been on a see-saw. To me, the capital accounts represent the fulcrum of the see-saw, supporting the operation. At one end we have deposits and at the other end, loans. As I recall, there usually was a third fellow who invariably hopped up on the middle of the see-saw and shifted his weight to counteract the action of the see-saw. In effect, he was trying to stabilize it, and in the banking analysis, he represents the investment portfolio which shifts to reflect changes in loans, deposits and capital. It stands to reason, therefore, that the approach to the portfolio must be a flexible one to be an effective one.

Essentially, the function of the bank is to accept and clear deposits, and to make loans, as we all know. This is our reason for existence, and our bread and butter. The portfolio must facilitate changes in these two categories and at the same time contribute to earnings. As a result, portfolio assets must be of high quality, provide the necessary liquidity and be profitable on a continuing basis. The problem of a flexible investment policy, therefore, is the reconcilement of the need for safety with that of profitability. As a solution to this problem, we might divide the portfolio into two parts, or two objectives. The primary objective is the maintenance of an adequate degree of liquidity to meet probable loan and deposit shifts. Having provided for this function, the remainder of the portfolio assets represent residual funds, where income can be sought within the confines of (1) still providing for the less probable but still possible liquidity needs, and (2) capital adequacy. It is in this area of the residual employment of portfolio funds that the flexible nature of portfolio policy becomes most active and, it is here that I would like to concentrate my remarks.

Importance of the Secondary Reserve

I will, therefore, skip over the liquidity area of the portfolio with just a few brief comments. Liquidity, which to me infers flexibility without any important loss or loss potentials, is essentially provided by the secondary reserve of short term, high quality, readily marketable assets. Income considerations must be subjugated to these other factors more pertinent to the function of this sector of the portfolio. To avoid an excessive amount of such liquidity, which would be uneconomical, steps must be taken (if they have not already been so taken) to do a thorough, and continuing, analytical job on the loan and deposit structures. This should provide a good basis for determining at least what the minimum size of the secondary reserve should be at any one time. We are then faced with a basic tenet of portfolio management — never reduce the secondary reserve below this minimum desirable level. Therefore, if greater than anticipated demands arise, the excess should be met by reliance upon portfolio assets beyond the liquidity picture to either meet the demands directly or to replace the secondary reserve assets utilized to meet the demands.

Having estimated probable liquidity requirements and conservatively covered these by the short term position, we may then turn our attention to the employment of the residual funds, where the generation of income becomes more important. In considering the investment of these funds, however, there are certain factors which must be kept in mind as we noted previously. First, while we have covered our probable liquidity needs with the secondary reserve, we must still invest for the less probable but still possible liquidity needs. Secondly, our ability to accept risks in the investment portfolio must be geared to our capital structure—the adequacy of capital to support investment risks after having taken care of loan risks. Public policy and pledging requirements will also play a part, but the major elements are the first two factors mentioned, i. e., secondary liquidity and capital adequacy.

Employing Residual Funds

Therefore, the residual funds will be employed except in unusual circumstances, in U. S. Government obligations and in risk securities. Now then, we might note that government securities command a premium, relative to other comparable investment media, in the form of a lower yield. The purchaser pays this premium for both the credit of the obligations and their marketability. However, it is illogical to assume that the commercial banker would rely upon a longer term Treasury issue for liquidity purposes, and there consequently seems to be little advantage under normal circumstances to acquire long term Treasuries, paying a premium in part for a feature which would not be utilized. There are exceptions to every rule, of course, but in the average banking operation the government bond sector of the portfolio might more reasonably be restricted for the most part to the shorter term sector of the portfolio.

This approach might be further justified on the basis that, assuming effective utilization of capital adequacy, the entire government portfolio will probably aggregate between 25-30% of total deposits. If we further assume for purposes of illustration that 10% of deposits are to be covered by a secondary reserve of short governments, it leaves the remaining 15-20% (and in many cases even a lesser amount) for the less probable but still possible demands. We well might ask ourselves, particularly after the deposit changes of the past year, does not such a possibility exist? If the answer is yes, and in many cases it should be, our position is further justified.

The funds to be employed in so-called risk investments are determined in large part by the size and nature of the loan portfolio and the capital adequacy of the bank. These monies are, in effect, the residual of loanable funds, and as such, can be employed for income purposes. With liquidity covered via the government sector, and with income the primary concern, we can emphasize a somewhat longer maturity pattern than in governments.

Warns of Income Trap

Again, for sake of illustration, let us say that the bulk of our residual governments (those outside the secondary reserve) are to be lodged in the one to six or eight year range, and that similarly, the bulk of the risk securities, such as municipals, would be placed in the five to ten or fifteen year range. It is with the employment of funds within these ranges that one finds the most active, or potentially profitable, phase of flexible portfolio policy. It is in the management of these residual investment funds that one finds what I like to call the income trap in the bond portfolio.

Essentially, the flexible aspect of portfolio policy in this respect refers to the shifting of investment emphasis—not the entire portfolio — between the shorter and longer sectors of the broader investment ranges considered. New funds, maturing funds and the proceeds of market transactions which are available for the residual sector of the portfolio provide the means for shifting emphasis.

Obviously, the process involves the emphasis on short maturities during periods of low money rates and relatively high bond prices. Under such conditions, however, the availability of money and the relative unattractiveness of interest rates entices us to extend maturities for a somewhat higher return. Supposedly, it is costly to stay short. But just how costly would such a policy be? We examined statistics relative to this point covering three periods of time of the past decade. In each period, we have compared the net

Continued on page 33

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

Election of Robert T. Stevens to the Board of Directors of **Morgan Guaranty Trust Company of New York** was announced today by Henry C. Alexander, Chairman of the Board.

Robert T. Stevens

Twice previously Mr. Stevens has served on the board of Guaranty Trust Company of New York, which merged with J. P. Morgan & Co., Incorporated in April 1959, to form Morgan Guaranty. He was on Guaranty's board from 1944 to 1948, resigning in the latter year. He was re-elected a Director of Guaranty in 1956 and continued in that capacity until the merger.

On the Morgan Guaranty board, Mr. Stevens succeeds Robert W. Woodruff, who retired from the board on June 30 pursuant to the bank's retirement policy for Directors. Mr. Woodruff was elected to the Bank's Directors' advisory council.

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The Chase Manhattan Bank, New York, N. Y. has announced the appointment of Dr. Carl R. Ackerman, and Walter C. Straus, to the Advisory Committee of the Bank's Metropolitan branch at 33 East 23rd Street.

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The Chase Manhattan Bank has announced the appointment of William J. Kent, Jr., to the bank's Queens advisory committee.

Mr. Kent is also a director of **Lafayette National Bank, Brooklyn, N. Y.,** and a Trustee of the **East New York Savings Bank, New York.**

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John J. McCloy, Chairman of the Board of Directors of **The Chase Manhattan Bank, New York,** confirmed July 1 the announcement of the State Banking Department that the Bank has applied for permission to open branch offices in Great Neck and Plainview, in Nassau County.

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Ira O. Smale, 57, an Assistant Treasurer, at **The Chase Manhattan Bank, New York,** died June 28.

Mr. Smale would have completed 30 years service with the bank July 10.

After three years at the 60th Street & Park Avenue branch, he went to Rockefeller Center as a unit teller and was appointed head teller in 1940. He was promoted to Assistant Treasurer in 1948.

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THE CHASE MANHATTAN BANK, NEW YORK

	June 30,'60	March 31,'60
	$	$
Total resources	8,421,420,588	8,052,752,286
Deposits	7,346,041,988	7,003,665,432
Cash and due from banks	2,112,595,996	1,925,412,805
U. S. Govt. security hold'gs	1,124,918,619	824,532,506
Loans & discts.	4,124,431,567	4,194,821,465
Undivided prof.	104,019,793	95,867,063

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The election of six Executives to three of its Metropolitan Advisory Boards was announced today by **Chemical Bank New York Trust Company, New York, N. Y.**

Elected to the Bank's Times Square Advisory Board are: James Bloor, Executive Vice-President, **Central Savings Bank in the City of New York**; Robert H. O'Brien, and James H. Richardson.

Elected to the Bank's Upper Midtown Advisory Board are: Palmer K. Leberman, and William T. Kelly, Jr.

Elected to the Bank's Rockefeller Center Advisory Board is Claudius D. Duncan, former Vice-President of **Chemical Bank New York Trust Company** who is now President of the **Delray Beach National Bank at Delray Beach, Florida.**

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The promotion of nine officers to the rank of Assistant Vice-President at **Chemical Bank New York Trust Company, New York,** was announced June 30 by Harold H. Helm, Chairman. They are:

Richard D. S. Bryan, James D. Elleman, Joseph B. Hartmeyer, William G. Menner, Clyde W. Hissler, Conrad E. Kluger, Andrew J. Murphy, David C. Winne and Raymond J. Young.

All of these men were previously Assistant Secretaries except Mr. Murphy, who was Assistant Treasurer. Messrs. Bryan and Hartmeyer are members of the bank's National Division and Mr. Menner is with the Term Loan Department. The other new Assistant Vice-Presidents are members of the Bank's Metropolitan Division.

The promotion of three Assistant Trust Officers to the rank of Trust Officer was also announced July 1 by Mr. Helm. They are:

Lester D. Kurth, Evert O. Melander and Alexander B. Warrick. Each of these men is located at the bank's 100 Broadway office.

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THE FIRST NATIONAL CITY BANK OF NEW YORK

	June 30,'60	March 31,'60
	$	$
Total resources	8,162,639,502	7,915,298,411
Deposits	7,173,331,619	6,791,463,001
Cash and due from banks	1,684,586,936	1,965,349,855
U. S. Govt. security hold'gs	1,207,787,805	945,681,001
Loans & discts.	4,266,856,585	4,194,577,246
Undivided prof.	119,544,333	110,524,396

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FIRST NATIONAL CITY TRUST COMPANY, NEW YORK

	June 30,'60	March 31,'60
Total resources	$160,411,273	$153,348,271
Deposits	118,279,843	113,257,365
Cash & due from banks	43,004,318	24,767,767
U. S. Govt. security holdings	71,502,270	50,999,735
Loans and discts.	6,767,428	39,822,415
Undivided profits	2,722,648	5,804,241

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MORGAN GUARANTY TRUST COMPANY OF NEW YORK

	June 30,'60	March 31,'60
	$	$
Total resources	4,133,657,410	3,921,483,066
Deposits	3,403,576,610	3,187,373,038
Cash and due from banks	870,492,763	1,021,263,877
U. S. Govt. security hold'gs	739,581,213	289,795,215
Loans & discts.	2,160,631,427	2,196,153,907
Undivided prof.	106,613,273	101,029,002

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CHEMICAL BANK NEW YORK TRUST COMPANY, NEW YORK

	June 30,'60	March 31,'60
	$	$
Total resources	4,132,609,783	3,951,500,270
Deposits	3,558,100,604	3,381,490,224
Cash and due from banks	935,613,621	857,537,268
U. S. Govt. security hold'gs	410,449,954	405,086,541
Loans & discts.	2,292,601,010	2,193,236,012
Undivided prof.	54,950,932	70,826,628

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Directors of **Manufacturers Trust Company, New York,** have called a special meeting of stockholders to be held on August 3 for the purpose of approving an increase in the authorized capital stock of the company from $100,780,000, consisting of 5,039,000 shares of $20 par value, to $105,819,000, consisting of 5,290,950 shares of the same par value.

In a letter to stockholders, Horace C. Flanigan, chairman of the board, explained that the New York State Banking Department had recently modified its prior position and would interpose no objection to New York State banks having authorized but unissued shares of capital stock, provided that such additional shares are used for the purpose of acquiring other banking assets and do not exceed 5% of the total shares outstanding at the time.

"This action," Mr. Flanigan said, "will facilitate the acquisition by the Company of additional banking facilities, in the Metropolitan New York area, including Nassau and Westchester counties, as this may become feasible."

Pointing out that the recommended increase in authorized capital stock is equivalent to 5% of the number of shares presently outstanding, Mr. Flanigan continued:

"Approval by the stockholders would make it possible for the Company in the future to acquire, with the approval of the appropriate supervisory authorities, the assets of one or more smaller banks by issuing as many of such additional shares as may be necessary without the necessity of calling a special meeting of stockholders in each instance. This action will eliminate the expense, inconvenience and delay involved in holding numerous special meetings solely for the purpose of approving small increases in authorized capital stock of the Company required for the purposes of such acquisitions."

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Appointment of David W. Brumbaugh as a member of the Rockefeller Center Office Advisory Board of **Manufacturers Trust Company, New York,** is announced by Horace C. Flanigan, Chairman of the Board.

MANUFACTURERS TRUST COMPANY, NEW YORK

	June 30,'60	March 31,'60
	$	$
Total resources	3,437,886,627	3,289,299,558
Deposits	2,997,732,396	2,867,086,932
Cash and due from banks	930,038,216	797,173,866
U. S. Govt. security hold'gs	593,514,004	590,232,830
Loans & discts.	1,543,994,773	1,503,542,865
Undivided prof.	37,081,250	33,558,896

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BANKERS TRUST CCMPANY, NEW YORK

	June 30,'60	March 31,'60
	$	$
Total resources	3,143,025,096	2,943,884,105
Deposits	2,754,021,344	2,561,854,408
Cash and due from banks	807,611,501	853,156,266
U. S. Govt. security hold'gs	407,130,706	275,968,659
Loans & discts.	1,697,669,173	1,572,163,068
Undivided prof.	45,055,661	281,293,050

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The Board of Trustees of the **Union Square Savings Bank, New York City,** has announced the appointment of Frederick H. Davis, Jr. as branch manager of the

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Construction Industry's Outlook for 1960 and 1961

By Miles L. Colean,* *Washington, D. C.*

This year's exception to the increasing trend of annual construction spending is termed a "transitory phenomenon" and is blamed on the unusual conditions said to have prevailed at the year's start. Economic consultant to the industry forecasts resumption of the upward trend in 1961 abetted by an improvement in availability of mortgage funds. This year's construction drop is estimated at 2% from 1959 outlays—subject to statistical uncertainties surrounding the Bureau of the Census new housing estimates. Weaknesses are attributed to private residential, highway and education building areas.

Expenditures for new construction in 1960 can be expected to come close to the amount reached in 1959. For the first five months of this year, however, total expenditures are 2% behind the same period last year. The drag is concentrated in new private dwellings, which are now 10% behind last year's record dollar volume, and in government construction as a whole, which is off 11%.

Miles L. Colean

At the end of May, the gap between this year and last in new dwelling expenditures was still widening; but it is important to note that the comparison is made against the most active period of 1959. After May the rate of spending consistently fell. Because of this situation, and because of the improving volume of new housing starts, we may confidently expect a narrowing and probably a closing of the gap as the year nears its end.

Aside from this element, new private construction is moving ahead satisfactorily. Activity in the nonhousekeeping residential category, consisting of hotels, motels and dormitories, is now 21% ahead of a year ago. Nonresidential building as a whole is 17% ahead. Within this group, industrial building has a booming advance of 34%—a striking reversal of the 16% drop in expenditures during 1959. Commercial building, with a more modest gain of 10%, is also ahead of its 1959 record.

Gains in the other areas of private nonresidential building are also impressive. Religious building and recreational building are maintaining about the same strong rates of growth that they did in 1959; while educational and hospital building have both turned last year's minuses into this year's moderate plusses.

Sees 17% Gain in Nonresidential Building

Although there will be some shifting in ratios as the year proceeds, the outcome for nonresidential building as a whole should be a substantial improvement over 1959. In December of last year, I ventured the view that this improvement would amount to 15.5%, compared to the gain so far this year of 17%. I now feel sure that the forecast figure will be reached and it may be slightly exceeded.

Outside the private categories mentioned, farm construction, as may be expected from trends in farm income, is in a slump, but the evidence is that the slump is less than was expected. Privately owned public utility construction is showing steadily gaining strength and should end the year 5% to 6% ahead of last year's volume of activity.

Government construction activity in 1960 was not assumed to show much if any increase over that of 1959; but a slump of the proportions so far indicated was certainly not expected. The greatest areas of weakness are in military construction, which is now off 28% with no suggestion of improvement; educational building, which, although down 5% from 1959 and thus apparently repeating its dreary 1959 performance, now shows a faint sign of a pick-up;; and highway construction, which now promises to turn a first-five-months drop of 13% in to a slight plus for the year as a whole.

Aside from these classifications and public housing, in which a heavy drop of 38% will probably be only slightly moderated, all other areas of government work are showing gains. Work in atomic energy has advanced 10%; administrative building construction, though now lagging, is definitely on an upturn; sewer and water work is regularly advancing; public service construction, which was expected to slump following the completion of the Seaway, has developed a lead of 15% over the first five months of 1959.

I believe that we should expect a steady increase in the rate of expenditures for government construction work from here out. With the prospective increase in outlays for schools and highways and the continuance of the already strong gains elsewhere, the present difference from last year's volume will certainly decrease. I doubt now, however, that the advance can be sufficient to bring the total for this year up to the level reached in 1959. Rather, the probability is for a year-to-year drop of around 5%. This would put prospective government outlays for the year at around $15.4 billion.

New Estimates of Family Dwelling Units

The translation of this year's private construction performance into dollar figures involves some special difficulties because of the improvements that have been made by the Bureau of the Census in the methods of estimating the number of new family dwelling units started. The revised figures, which have just recently been published, indicate that, instead of the 1,342,800 private nonfarm dwelling starts previously estimated for 1959, the figure should have been 1,494,500. Besides this, we now have an estimate of 22,000 new farm dwelling units, which previously had not been actually counted, but for which an estimate was included in calculating the dollar volume of farm construction.

The task of estimating the difference in value of construction put in place that this total of 151,700 additional nonfarm starts will produce is still before the Census. My very rough guess pending the official revision of the figures is that, for 1959, the additional amount will come to around $2 billion. If this is anywhere nearly correct, then last year's expenditures for new private nonfarm dwellings were around $19.1 billion instead of the $17.1 billion previously estimated and total private construction expenditures in the neighborhood of $40.3 billion instead of $38.3 billion. Adding the 1959 estimate for government outlays, we get a revised year's total of $56.3 billion.

In attempting an estimate of the 1960 outcome, we may start with the figure of $15.4 billion of government construction, which I have already suggested. To this we may add a figure of around $23 billion for private work of every kind except new dwellings, which is roughly the total I calculated last December and which as yet I see no reason for changing materially. This gives us a partial total of $38.4 billion, leaving us still to ponder over the crucial area of nonfarm private dwelling unit construction.

Again we face the statistical upset caused by the new housing estimates. The number of new private starts, both farm and nonfarm, through April of this year is now estimated to have been 376,800. Compared with the same months of last year on the new basis, we have a drop of 21%. For private nonfarm houses alone, the drop was from 468,700 to 368,900 or also 21%. This is sharper than we had assumed from the old figures, which for the same periods, showed a differential of 18.5%. The average seasonally adjusted annual rate for private nonfarm dwelling starts for this period is estimated to be 1,229,000 on the new basis. So far as I can judge from the developing trends indicated by building permits, contract awards, and mortgage commitments, we should see a rather steady improvement in this rate. It is reasonable to assume that the total number of nonfarm houses started this year will be close to 1.3 million, which I believe to be comparable to the 1.2 million units which had become the standard forecast on the old basis.

Not all these units will be completed during the year. Instead, because of the expected gradual build-up of activity in the second part of the year, there is likely to be an unusually large amount of work in progress to be carried over into 1961. Correspondingly, there were some—although I suspect fewer — incompleted units carried over from last year into tne early months of 1960. With these necessary adjustments in mind, it is probable that an equivalent number of completed private nonfarm houses this year will be about 5% under the number of units started, or somewhere in the neighborhood of 1,235,000.

Taking an estimate of $13,445 cost per unit for the nonfarm dwellings (which is the same figure as the 1959 average), we get a rough estimate of around $16.6 billion for the year's outlay for total new dwelling construction.

On this basis, which will certainly have to be modified as we learn more about the characteristics of the additional houses now being counted, we shall have a total volume of all new construction during the year of around $55 billion, compared with the revised estimate of $56.3 billion for 1959, or 2% less than the volume of a year ago. With a further adjustment for price changes, the drop in physical volume would be about 3% to 4%.

For the first time, therefore, since the end of World War II, we may expect to have a dollar volume of construction that is less than that of the preceding year, although we do have one other year, 1956, in which the estimated physical volume was lower than that of the preceding year.

A Transitory Phenomenon

I am confident that, if this is to be the outcome, it is a transitory phenomenon and that the uptrend will be resumed in 1961. The reasons for this go back to the unusual conditions prevailing at the opening of the present year. On the government construction side, we had the effects of the readjustments made in the interstate highway program during 1959, the lag in school construction apparently arising mainly from the desegregation problem. On the private side, we had a severe credit shortage which continued practically throughout the first quarter of the year and which had a particularly deterrent effect on private residential building at that critical period.

An improvement in the availability of mortgage funds is now under way. Asset growth among the types of institutions on which the mortgage market principally depends is encouraging, and the trustees of pension funds (probably our now most rapidly growing pool of savings) are for the first time showing significant interest in mortgage investment. Advance commitments of life insurance companies are reported to be at a higher level than they were in the corresponding periods of the past two years. Interest rates on conventional mortgages and discounts on insured and guaranteed mortgages have passed their peaks. The results are now becoming evident, as I have previously noted, in an increasing number of housing starts.

I can see nothing in the general financial picture that would prevent these new trends from continuing for some time or which suggest anything but relatively favorable mortgage conditions extending into 1961.

In short, the construction industry in 1960 will have a good year, although not, as we have become accustomed to, a better one than the year preceding, nor one that on the whole will make construction a contributor to the increased rate of growth of the economy. The weaknesses, however, are concentrated in a few areas, namely, private residential building, highways, and public education building. Activity in other areas will be at very high levels, exceeding those of all other years. Moreover, in the weak sectors activity will be expanding as the year progresses, rather than declining and thus, to some measure, should counteract the effect of an over-all lesser volume for the year. Finally, we may look forward with considerable confidence to an increase in volume in 1961.

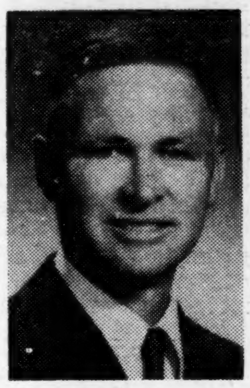
*An address by Mr. Colean before the *Business Outlook* panel sponsored by U. S. Chamber of Commerce, Washington, D. C., June 24, 1960.

Our Unsound Tax Laws And Measures for Reform

By Robert de Fremery, Vice-President, Onox, Inc., San Francisco, Calif.

Opposed to any taxation of privately created values, Mr. de Fremery strongly favors reforming our tax laws so that only publicly created land rental value would be taxed. The author joins a list of advocates and forerunners of the Henry George single tax plan which he cites; raises and answers arguments against the taxation of the annual rental value of land; and goes on to specify the many advantages of his proposal. Mr. de Fremery claims that: Henry George's principles have never been refuted; there would be no need for any other taxes so long as Government costs are correlated to this single source of tax revenue; such a tax cannot be shifted; and this offers the best protection for private property and free enterprise.

Daniel Webster once said: "*A free government cannot long endure where the tendency of the laws is to concentrate the wealth of the country in the hands of a few, and to render the masses poor and dependent.*" An objective analysis of the tax laws used in most countries will, I believe, lead any fair-minded person to the conclusion that these laws do just that. They tend to concentrate wealth in the hands of a privileged few—taking from those who produce and giving to those who do not.[1]



Robert de Fremery

The basic defect in our tax system is that we allow our local, state, and Federal governments to tax away *privately created values* while at the same time an enormous amount of *publicly created value* remains in private hands.

Many are surprised to hear of publicly created value as distinct from privately created values. Victims of unjust taxation all their lives, they are shocked by the suggestion that it is possible to have an essentially burdenless tax system—that there is a natural reservoir of publicly created value, *over and above all privately created values*, which could pay for all legitimate activities of government. Yet many economists have recognized this fact for more than 200 years. And although we draw to some extent upon this source of revenue, the extent to which we do not is responsible for many of our economic ills today.

The difference between publicly created and privately created values, once seen, is never forgotten. Both result from the competitive bidding within society for the right to consume or use something. But it is of utmost significance that privately created values result from competitive bidding for goods and services produced by man, whereas publicly created values result from competitive bidding for something *no man produced*—the land upon which we live and work and whose value increases as the community in which it is located grows. In the one case men are bidding for goods and services produced by each other as private individuals. In the other men are bidding for the important right to use part of the earth's surface. In the one case you have privately created values. In the other you have a publicly created value.

Distinguishes Improvements From Land Rental Value

It is necessary, of course, to distinguish between the publicly created value of a piece of land and the value of improvements made by the landholder. A person may improve his land with his own money and effort by landscaping, planting crops, building a house or factory or other structure. Such improvements are privately created values. And when we speak of the publicly created value of a parcel of land, we are specifically excluding the value of any privately financed improvement in or on it.

As each community grows, both publicly created and privately created values grow with it. Privately created values increase as an expanding population produces more houses, more food, more manufactured products and more services. But this same activity together with the activities of local, state, and Federal governments causes an increase in the value of land over and above the total of all privately created values. For example, before Rockefeller Center could be erected, the *bare* land under it had to be leased from its owners. The rent agreed upon for this piece of bare land was *$3½ million a year*, a sum which is still being paid each year to its titleholders. Bare land in that location is worth that much to those who need to use it. Similar examples of the high rental value of land, apart from any improvements in or on it, can be found in every large city.

The increasing value of land resulting from the growth of each community is in no sense created by the productive effort of each titleholder. The land that is most favorably situated will have the highest value regardless of who holds title to it. Thus a man who contributes nothing to the community in which he lives—*a man who produces nothing and performs no useful service to society*—may, nevertheless, have a steadily increasing income because he holds title to a piece of land in the center of a growing city. The rental value of his land will steadily increase as the community grows. That is what is meant by a *publicly* created value. It is created by the community as a whole and exists independently of the productive activity of the landholder.

Stresses Basic Differences

The problems we have in taxation today result primarily from our failure to take advantage of this basic difference between the publicly created value of land and privately created values of goods and services. We quite foolishly allow taxes to fall indiscriminately on both publicly created and privately created values. Privately created values should be sacredly protected as private property *free of all taxes* so as to encourage the maximum production of wealth. On the other hand the publicly created rental value of land—which no individual can rightfully claim as his alone because the public as a whole created it—should be looked upon as legitimate public property that, ideally, ought to be recovered by the community through taxation and used for public purposes. To the extent this is done a just revenue is derived that make it unnecessary to levy taxes on privately created values.

Years of experience by assessors throughout the United States and in many other parts of the world have demonstrated that the publicly created value of land is readily separable from the value of private property in improvements. But if, in some cases, it is difficult to distinguish between publicly created and privately created values — between what is rightfully public property and what is rightfully private property—*it is still inexcusable not to make the effort to do so.* We cannot make secure to the individual what belongs to him until we make secure to the public what belongs to it. We cannot preserve a system of private property unless we make all levels of government draw revenue solely from what is legitimately public property.

Depicts Disadvantages of Present Tax System

Consider the disastrous consequences of not securing public revenue from the proper source:

(1) By failing to make full use of the publicly created value of land for public purposes, we have forced local, state, and Federal governments to obtain more and more revenue from privately created values. That means sales taxes, income taxes, taxes on our homes, factories, machinery, cigarettes, gasoline, and all the other sources from which governments try to raise revenue today. Such taxes discourage the production of wealth and add to inflationary forces by increasing costs of production.

(2) By allowing a large part of the publicly created rental value of land to be privately pocketed, we encourage speculation in land. Vast amounts of excellent land in both city and country lie either underdeveloped or completely idle, the taxes being too low to induce the holders to put it to better use or sell it to those who will. The enormously inflated prices of land today are due to

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[1]The same can be said of our banking laws. See the author's "Banking and Monetary Reforms to Preserve Private Enterprise," *The Commercial and Financial Chronicle*, June 7, 1956, p. 13, and "Our Unsound Monetary System and Measures for Reform," ibid, Nov. 20, 1958, p. 14.

Corrective Internal Policies For Canada's Capital Inflow

By A. T. Lambert,* *Vice-President and General Manager, The Toronto Dominion Bank, Toronto, Ontario*

Prominent Canadian banker calls for a study to look into: raising productive capacity, paying for more of social capital used; stimulating domestic output to lessen dependence on imports, and improving exchange-rate situation. Until the study is completed, he favors building up the present foreign-exchange reserves. Proposals made stem from his evaluation of the main arguments in the capital-inflow controversy wherein two out of the several examined are found not to be too easy to dismiss. One deals with Canada's vulnerability to a sudden interference in the capital inflow, and the other with the adverse effects that a too-large capital program may have on the domestic economy. Mr. Lambert also indicates similarities and dissimilarities in Canada's and U. S. A.'s balance of payments problem.

In the United States, the question of the balance of payments has attracted much attention, dating back particularly to the dramatic drain of gold which took place in 1958 and continued into 1959. Actually gold stocks in the United States have been declining since a few years after the end of the last war, reflecting the gradual rebuilding of reserves in free countries of the world, mainly those in the western European area. On the whole this was a desirable trend, giving hope of easing of import restrictions and the prospect of greater convertibility. However, impetus to the gold drain was given in 1958, when the U. S. economy turned down, money and credit became plentiful, and substantial budgetary deficits developed. The fear of inflation was strong, and during a two-year period the United States gold stocks declined nearly $3½ billion, or about 15%. With the transition from credit ease to a more restrictive monetary policy, plus the prospect of a balance or near balance in the Budget, the rate of gold losses slackened.. While deficits in the balance of payments continued, the foreign holders of dollar claims elected to an increasing extent to leave them as dollar holdings, not only expressing renewed confidence in the dollar, but attracted by the higher yields on short term investments as well.

Allen T. Lambert

This background of the United States balance of payments may be helpful in viewing the Canadian situation, which has some similarities, but also certain basic differences. Our two countries are alike in their concern to expand export earnings in the face of stiffening competition in world markets, but our underlying balance-of-payments positions are quite different and in some respects even opposites. In the U. S. A.. the basic problem seems to be that of earning enough from exports and other current receipts to support a high rate of capital investment abroad—for the only way one country can really transfer capital to another is in the form of goods and services. In Canada the fundamental problem is that our domestic investment program is greater than our domestic flow of savings and therefore we must rely on foreign capital to fill the gap. There is a large excess of current payments for goods and services, but for the time being at least this is nicely balanced by the inflow of capital from abroad, and there is no drain on our gold reserves. Thus Canada's balance-of-payments problems are essentially a mirror image of those of the United States—the problems associated with a capital inflow, as against those associated with a capital outflow. As a matter of fact the two sets of problems are very closely related indeed, for much American capital investment abroad has been coming to Canada.

Describes What Capital Imports Mean

In every year of the 1950's except 1952 Canada was a net importer of capital, and lately the amount has ranged from $1 billion to $1½ billion annually. The persistence of this inflow and its tendency to increase have raised in Canadian breasts a mixture of pride, interest, surprise, and concern, in rather varied and changing proportions. Some highly placed people have warned us that we are building up serious trouble for the future if we continue to borrow abroad on such a scale. Other highly placed people have challenged this view, pointing to the great increase in productive capacity that has occurred, and showing that the burden of our foreign obligations is now much smaller, relative to our Gross National Product, than in earlier periods.

Naturally, in any consideration of raising money abroad the purpose to which it is directed looms very large. In our case much of it has indeed been for productive purposes, in the development and processing of our natural resources. But sizable borrowing has also taken place for what is commonly termed social capital investment—schools, roads, hospitals, and so on. These are all worthy things, indeed they may play an important part in the productive effort, but in the final analysis we must depend upon the productive side to handle the servicing and repayment of the borrowed money.

Some of the Pitfalls Listed

But there are other important elements in this debate over our large capital inflow. One of these is the question of the extent to which we may alienate control over our own resources by expanding or developing them more rapidly than we ourselves can finance.

Another point is the possibility that foreign sources of capital, so freely available to us at present, might suddenly dry up for some reason. If we were geared to an investment program on a scale that was heavily dependent on outside capital, we could be faced with a painful readjustment in the allocation of our resources.

Also, a too extensive capital investment program may hamper the proper functioning of the entire economy. Even a moderate capital investment program tends to divert resources from other industries to some extent. But if it is large enough in itself to account for an important part of total business activity it tends to create conditions in which prices and costs can creep up with little real resistance, because capital expenditures are notoriously insensitive to moderate price differentials—prompt availability of materials may be more important than price considerations. This upward bias on costs and prices may do really serious damage to the competitive position of export industries and import-competing industries, on which we must ultimately depend for any increase in our real income. Thus attempting to expand productive capacity too rapidly may in fact prejudice the future growth it is supposed to bring about. Perhaps this is a major factor behind the structural readjustments some authorities say Canada needs..

Finally, serious questions have been raised about our ability to pay for the huge volume of imports we demand and the growing adverse balance on account of services—mainly due to growing interest and dividend remittances on foreign capital. The deficit on services alone is now running at about $1 billion a year.

Well, these seem to be the main arguments in the controversy over the capital inflow. How can we evaluate them?

Evaluates Two Schools of Thought

Right away I think we can say that the two schools of thought are not nearly as fundamentally opposed to one another as they appear to be at first sight. The side that questions the present rate of capital inflow clearly recognizes that productive capital investment is self-liquidating and does indeed add to Canada's real income. It would presumably recognize too that some borrowing for social capital would be justified under certain conditions. For its part the other side does not deny that over-borrowing could conceivably occur; in the main it is content to argue that the capital inflow has in fact added to productivity, and that the burden of the debt in relation to income is still much less than it has generally been in the past. The differences are mainly of degree rather than kind, and about secondary effects and future contingencies—the possibility of dilution of control, loss of credit facilities, impairment of income, or inability to meet foreign obligations.

The argument about alienating control over our resources does not seem too impressive. When conditions are favorable to keeping control in Canadian hands, the speed at which we proceed is not likely to make our position materially worse.

Recalls United Kingdom Predictions

Nor am I too worried about our ability to service our foreign debt and still buy the imports we will need, as long as we are not faced with disruption of world trade for reasons beyond our own control. Experience has convinced me that the market economy, given half a chance, is quite able to make adaptations of considerable magnitude. By way of example, just think back to what was being said of the United Kingdom at the end of the war. Many people saw no hope of Britain ever recovering a competitive position in world markets, and were about ready to write her off as an industrial power, because they were sure she could never get anywhere again with highly manufactured goods of any kind. And now, 15 years after, how do things stand? I guess I do not have to labor the point.

However, the vulnerability of the Canadian economy to a sudden interference with its access to foreign capital cannot be lightly dismissed. Neither can the adverse effects that a too-large capital program may have on domestic industry.

At this point then, we appear to have strong arguments both pro and con regarding the present trend in the capital influx into Canada, but it is too soon to endeavor to strike a balance because there are three important points which do not seem to have received the attention they deserve. Let us review them briefly and see if they will not assist in arriving at a crisper decision.

Must Grow Faster

First, consider the present amount of unemployment and the substantial number of young people who will shortly be coming onto the labor market. This is hard to reconcile with any need for slackening in our forward progress. More growth, not less, is needed to provide job opportunities for those who will be seeking them. Undoubtedly as borrowers we should avoid or at least defer the non-essentials so that we are not importing to make ourselves unnecessarily comfortable. It is probably equally important that we should not miss out on opportunities to use more of our own production and to become less dependent on the production of others. Nevertheless our salvation surely lies in a greater national effort, and a more effective and efficient operation, not in travelling at a slower pace.

Finds Canadian Dollar Overvalued

Second, it is remarkable that no one seems to have connected Canada's exchange rate policy with the problems we have been talking about. For the last eight years the exchange value of the Canadian dollar has fluctuated between about $1.00 and $1.06 in U. S. funds—not that the U. S. dollar is itself a perfect measure of value, but it is the best one readily available for this period. In all that time I think our currency has been overvalued, and I think it is still overvalued today, even though it is currently trading in the lower portion of that range. Furthermore, grateful as we may be for the recent decline in the rate, which should be of real help to Canadian export and domestic industries while it lasts, I see no reason to expect it to stay there very long unless there is a change in official policy or an adverse shift in sentiment about Canada's prospects. Even if it does go still lower, I think it will eventually turn around and start to appreciate again. For eight years it has been swinging back and forth in this way, usually in lazy cycles of a year or two, but with fairly sharp turning points in between the upward and downward movements. It reminds me of the see-saw campaign in North Africa in World War II. Perhaps some remember the comment of a certain war correspondent one spring, who wrote sardonically, "Well, the British have entered Bengasi three weeks earlier than usual this year."

If the Canadian dollar has in fact been overvalued all this time, it is easy enough to see how this would magnify the structural distortions in export and domestic industries. We have already noted that a substantial capital program is likely to put heavy pressure on their cost structure; currency appreciation squeezes them simultaneously on the revenue side, by reducing the Canadian dollar returns that exporters get from selling their products abroad, and by aggravating the price competition that imported goods offer to domestic industries.

But, you may ask, how can the rate be overvalued when it is set in a free market? Well, I won't pretend I can fully explain it, but I think I can offer some clues. For one thing I notice that when customers ask me for advice about the exchange rate they do not ask

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Business Cannot Build Its Future on Tariff Protection

By H. E. Humphreys Jr.,* *Chairman, United States Rubber Co.*

American business can achieve tremendous gains for ourselves and help create a free world economic community if they rely less and less on protection and more and more on self-reliance of higher productivity. Mr. Humphrey comes to this conclusion in his discursive analysis of the problems and opportunities presented by resurgent Europe's modern mass production capability rivaling ours. Aware that the effect of Europe's growth may have a short run retarding effect upon us, the industrialist urges that we concentrate on producing quality goods for export at competitive prices, go international by investing and producing abroad, contain inflation at home, and view international competition no differently than national competition. He offers six suggestions on which we can build our future, and avers the solution is the course taken by businessmen.

I shall begin by pointing out an interesting and promising business situation. Then I want to show how this promising situation presents both a problem and an opportunity for American businessmen. Finally, I shall suggest several ways for us to take advantage of this opportunity.

H. E. Humphreys, Jr.

To get a picture of this promising business situation, just think for a moment of an economic system in which productivity is increasing faster than wages.

Think of an economy where inflation has ceased to be a problem.

Where home markets are rapidly broadening.

Where overseas trade is expanding.

Where capital is becoming more easily available.

Where technological progress is excellent.

Where the currency is stable.

Where many of the industrial plants are ultra-modern — having been built within the past 15 years.

Does this sound like a businessman's utopia? These conditions actually exist. I have described the economic situation in Western Europe at the present time.

Just recently I made one of my several trips to Europe. I was reminded anew of the tremendous resurgence which is taking place in free Europe.

In just the past few years, a business philosophy which for 150 years held a firm grip on the European economy, has been swept away. Today vigorous competition is shouldering aside the philosophy of controlled markets. The idea of narrow markets and high mark-ups has been replaced by the new concept of mass markets built around the European Economic Community, usually referred to as the European Common Market. These new mass markets are fed by mass production from efficient plants.

I should add that the motive behind this change is not business success alone. It stems from a dedication to a united Europe for purposes of common defense. Out of this dedication has flowed a new political and economic unity. But regardless of the motive, the result in the business field is the same.

On my trip I sometimes got the strange feeling that I was not in quaint, old, slow-changing Europe at all but in a land where American methods of free opportunity had been carried a few steps beyond anything we have ever achieved here in the United States.

For example, take the Opel automobile plant in Germany. It is just about the last word in mechanized production. A huge body press is attended by a single man at the controls. As you look at it and marvel at its efficient operation, your guide will tell you, "Next year even that one man won't be there." Renault in France has a plant that is fully as efficient and the Fiat plant in Italy takes a back seat to nobody.

This swing to automation in Europe is not so much to reduce costs as it is to combat a labor shortage. This is particularly true in Western Germany. To achieve a higher standard of living, they must get more output from the limited labor supply through better machinery.

Europe's Mass Production Rivals Our Industry

We taught our friends abroad how to mass produce for mass markets. We provided financial aid for them to get started. They have learned their lesson well. Now they are beginning to equal or beat us at our own game of competitive mass production and marketing. The impact on their standard of living has been remarkable.

As an example, on my earlier trips to Europe—the first was 13 years ago—I thought it was wrong that workers should be riding bicycles to automobile plants to turn out cars for the upper classes. The plants were characterized by bicycle racks. But today these same plants have their car parks. A great middle class is rapidly emerging.

It does my heart good to see other people adopt the methods of my own country and thereby build a new high standard of living for themselves. Yet, I have to face the fact that this promising situation presents to us in American industry a type of problem we have never known before.

Foreign Trade Isn't What It Used to Be

There was a time when many American businessmen looked upon foreign trade as a supplementary market — as a means to dispose of surplus production or merchandise which did not sell well at home. This was not universally true. In some industries, such as automotive, export business was an integral part of their operations. But such industries were exceptions.

Furthermore, the return flow of goods to the United States was no problem until recently. The usual imports were a limited quantity of quality goods for the luxury trade. And the low quality merchandise could not compete with our own output. As a result, our imports were usually less than our exports.

But in the last few years we have suddenly developed an unusually large dollar gap. In 1959 there was a net outflow of 3.7 billion dollars from the United States. This was by far the largest deficit in balance of payments our country has ever known. Although it included foreign aid payments as well as goods and services, it still indicates a possible trend of startling proportions.

We now find goods coming in from overseas in large quantities and underbidding us both in our own markets in the United States and in our normal export markets. The quality and styling of these goods are mostly excellent. The styling of Europe's automobiles has had a tremendous impact, as we all know.

The greatest source of this new competition is Western Europe. But Japan is also coming up fast. And it may not be long before we get similar competition in particular products from Latin America, India and some of the African nations. As we look ahead, there are also Russia and Red China.

Europe's Resurgence will Affect U. S. S. R. and U. S. A.

As for Russian competition, it is somewhat sporadic, and seems to be politically inspired, but before we worry too much about it, let us devote our attention and planning to the competition of free Europe, particularly the European Economic Community. Meanwhile, as we consider the future threat of Russian competition, we can remember that Russia will have to compete not only with the United States but also with a resurgent free Europe — in fact with the whole free world.

Over the short term, European competition can have a retarding effect on our American economy. I think we are beginning to feel it already and we shall feel it more. It can also damage the prestige which the dollar has enjoyed throughout the world. This situation points up the need for businessmen to bring about greater productivity and better control of wage inflation, thereby protecting the value of the dollar. Otherwise it can threaten the American position of world economic and political leadership.

That is the problem presented by business resurgence abroad. Now let's turn to the opportunity it offers. Because, if we take full advantage of the opportunity, we can solve the problem at the same time.

Opportunities Europe Offers

Look at it this way: These great new mass markets now opening up at a rapid rate can be our markets as well as the markets of our competitors abroad. This is actu-

Continued on page 31

THE MARKET . . . AND YOU

BY WALLACE STREETE

Irregularity persisted in this week's stock market but except for the recent high-flying favorites which suffered a bit under profit-taking, the general list gave ground grudgingly. Turnover held to a subnormal level, leaving a record for recent weeks of heightened interest on rallies and falling volume on reactions.

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Caution was the keynote in the face of fears that the first half results, due to reach flood tide in a week or so, would confirm the pinch on profits, and doubts that the fall business pickup will be vigorous enough to justify general jubilation in the market.

"Summer Rally's" End Doubted

The consensus in the Street, however, was that the summer rally which showed such spirit in last month's first week, could hardly have run its course that early. From around the 624 area, the industrial average jumped to 656 in one string of six sessions. In more than two weeks of a consolidation phase afterward, it backed away to 637 where it met at least temporary support. And this stirred up the inevitable argument over whether a valid "floor" had been found, and whether or not it was necessary to retest the support level before a new advance could be built up.

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To many, the average and its fluctuations have become pretty meaningless, since even single groups have shown mixed prices at any given moment and some major groups continue to show good action when others are lagging badly.

Tired Leaders the Selling Targets

The selling targets were mostly those most ripe for profit-taking, the issues that have raced ahead so far for so long. Precautionary lightening of commitments is entirely logical, and not unexpected, when an issue like Texas Instruments has come from 12 in 1956 and less than 27 in 1958 to above 256 this year. Polaroid similarly sold for 30 in 1957, a shade over 46 in 1958, reached 188 last year and soared above 256 this year.

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By comparison, a neglected item like Crown Cork & Seal looks definitely dowdy. It has had a range of 10 points this year—28 to 38. Meanwhile a popular item like Vendo Co. has made its range 38-84.

Also neglected in Crown Cork is the fact that it has shown superior money making ability under a new management in the last three years despite price problems in the industry and relatively stagnant sales. While sales in the last three years increased only from $115 million to $123 million, profit jumped from $750,000 in 1957 to $1,940,000 the following year and $2,640,000 last year with a figure of over $3 million anticipated for this year.

The profit picture, remarkable on the surface, is even more astounding in the face of the large expenses the new management incurred in modernizing and bringing its plant up to date and in improving its product line. The $23.5 million spent on capital improvements in the three years of the present management compared with only a bit more than $15 million capital expenditures in the half a dozen years earlier. Now such large expenses are starting to taper off so the full extent of the plant relocation and improvement program will start to be visible by the end of the year.

Promoting Later Growth

Colgate-Palmolive split last year and the shares this year wondered over a 12-point range, between 29 and 41. By comparison Minnesota Mining's split is less than a month old but already these shares have a range of 65-88. Colgate is not out of the growth parade, either. It has increased its profit each year for eight years in a row. The string is expected to be snapped this year when heavy promotional campaigns abroad will eat into net income but the management is sufficiently sure of a profitable payoff from the heavy promotion to be willing to end the string.

Where domestic business is on something of a plateau, the foreign markets offer sharp growth prospects. On the domestic scene, Colgate has struggled successfully with cost control to where profits were up 77% over the 1956 level even in the face of level sales.

Abroad, however, Colgate's sales have more than tripled in the last decade and the profit has jumped five-fold. Foreign sales outpaced the domestic total for the first time last year. Colgate's dividend record is a good one, uninterrupted payments stretching back to the last century and with the payout increased five times in the last six years. Even projections of a slight trim in per-share earnings this year indicate that the current dividend rate will be earned more than twice over.

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Owens Corning Fiberglas so far this year has sold between 75 and 122. It is the leading maker of glass fibres, an admitted growth field. Gustin-Bacon, which bowed in to listed trading on the New York Stock Exchange early in February, has held in a 24-35 range, making it relatively mundane. Yet it is the second largest company in the field.

The strike on Gustin-Bacon seems to have been that it is not as deeply immersed in the textile end of the business. Yet it is currently involved in a large expansion program that will round out its product line by adding textiles to it to further enhance its outlook.

The more rounded line of Owens Corning has given it a market appraisal of 38-times earnings, against 20-times for Gustin-Bacon. And it is the latter that could show the more dramatic improvement once it gets going in the new field and sales reflect it.

Diversification Geographically and Product-wise

Another company that is pushing its participation in the foreign market is Beech-Nut Life Savers, which has had to struggle along in popular view as a one-product firm although it is well entrenched in other lines, and, in fact, it is the second largest maker of baby foods. Its latest venture is a joint one with General Milk, which is controlled by Carnation and Pet Milk, to promote chewing gum and baby food sales abroad, starting with a new plant in West Germany.

Until management was revamped, the Beech-Nut earnings record was virtually static. The first increase in chewing gum prices in a generation recently is expected to help earnings this year and the expanded operations abroad will add that much more to its earnings in time. It is a long-time dividend payer, offering a return well into the 4% bracket, with a strong financial position and, apparently, a management now determined to improve the lot of the company.

Sluggish "Electronics" Item

The science stock that has not been in favor in the boom for such type of companies is Sperry Rand. The public has been apathetic toward Sperry ever since its merger with Remington Rand and the difficulties in digesting that merger. Another factor that held Sperry back to some degree is its heavy reliance on the government for its sales in the past.

Sperry, however, has been making progress including development of electronic data-processing equipment and some estimates are that its order backlog for this type of equipment is equal to about a fifth of its total sales, which puts Sperry in position to become an important entity in this field. Where the market value of Sperry's capitalization is only about half of sales, that of International Business Machines is 17-times its sales volume last year.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

Angus V.-P. of Cap. Program

Milan D. Popovic, President of Capital Program Corp., sponsor and principal underwriter of Blue Ridge Monthly Accumulation Programs, has announced election of A. Stuart Angus as Regional Vice-President. Mr. Angus has most recently been engaged as New York City Metropolitan Representative of the Dreyfus Fund.

Katz Sales Mgr. For Federman

Stanley W. Katz has become associated with Federman, Stonehill & Co., 70 Pine Street, New York City, members of the New York Stock Exchange, as sales manager. Mr. Katz, who entered the investment field in 1927, formerly managed Hardy & Company's Madison Avenue office in New York City.

He has been active in the formation of several investment clubs in New Rochelle and New York.

LeVine to Be V.-P. Of Brand, Grumet

Robert P. LeVine on July 14 will become a vice-president of Brand, Grumet & Seigel, Inc., 49 West 33rd Street, New York City, members of the New York Stock Exchange.

IDAC Announces 1961 Meeting

TORONTO, Canada — The 1961 Annual Meeting of the Investment Dealers' Association of Canada will be held at Jasper Park Lodge, June 22 to 25, 1961.

New York Chamber Of Commerce Elects

The New York Chamber of Commerce has announced the election to its Committee on City Affairs of Benjamin J. Buttenwieser, limited partner of Kuhn, Loeb & Co.; W. H. Deatly, President of the Title Guarantee Co.; Edmund F. Wagner, Board Chairman and President of the Seaman's Bank for Savings; J. Lester Van Name, President of Despard & Co., Inc.; and Robert Manner, Division Manager of the New York Telephone Co.

Samuel R. Walker, Vice-President of the City Investing Co., was re-elected Chairman of the committee.

Women's Bond Club Elects Officers

The Women's Bond Club of New York at its annual meeting elected the following officers for the 1960-1961 term: President—Miss Ruth Hoffman of the Bank of New York; Vice-President—Mrs. Sara Harshbarger of the U. S. Steel & Carnegie Pension Fund; Secretary—Miss Mary Dunlea of Bache & Co., and Treasurer—Miss Helen Lee of Merrill Lynch, Pierce, Fenner & Smith. Also elected as directors to serve for a two-year term were: Miss Dorothy Blaesing of the Bankers Trust Co. and Miss Madeline McWhinney of the Federal Reserve Bank.

Money Market Outlook

By Frank E. Morris,* *Research Director, Investment Bankers Association of America, Washington, D. C.*

Giving only his own view about the economy and money rates, which are bearish, and not those of the Association which keeps a watchful check on the subject, Mr. Morris makes these predictions: At best, there will be a leveling-out period the remainder of 1960-1961 and, at worst, we could see the beginning of a cyclical downturn, with the odds placing us in the downward cyclical phase a year from now and a turning point developing at the end of that year. Also, he anticipates a parallel trend in interest rates and a prompter response by the Fed toward active ease.

I would like to review where we have been during the past year, in the hope that this will provide a little perspective on where we now stand in the money markets. A year ago, the money markets were approaching a state of near-demoralization. There was in mid-1959 a strong business demand for credit to finance the pre-steel strike inventory build-up. Consumer installment credit outstanding was rising rapidly and so was mortgage credit. The volume of new issues of State and local government bonds was heavy. On top of all this and dominating everything else, was the fiscal position of the U. S. Treasury. The Federal Government was running a record peacetime deficit in the first half of 1959, a deficit which required an exceptionally heavy volume of new debt issues. In addition, an inflation psychology was spreading rapidly, causing individuals and investing institutions which had traditionally invested almost exclusively in debt instruments to invest an ever increasing proportion of their funds in equity securities. At the same time, the Federal Reserve was following a very restrictive monetary policy, cutting back on the growth of the money supply while the demand for money was still rising very rapidly. This combination of circumstances put the money markets under the most severe strain of the postwar years.

Frank E. Morris

Causes of Money Market Ease

Now, a year later, we find that conditions in the money markets have changed rather dramatically. What produced the drastic change? I think that four major factors were involved: first, the violent shift in the Federal Government's fiscal position from one of a heavy deficit to a substantial surplus; second, the slack in business activity since January; third, (to use the apt phrase of Chairman Martin of the Federal Reserve Board) the "liquidation of the inflation psychology" among investor groups; and fourth, the shift toward an easier monetary policy on the part of the Federal Reserve.

Of these four factors, the radical change in the fiscal position of the Treasury has probably been the most important. A year ago the Treasury was taking more than $1 billion per month out of the money markets; at present it is putting about $500 million a month into the money markets through net debt retirement. The overwhelming importance of this shift may perhaps be appreciated by comparing its magnitude with the other changes in the use of funds since mid-1959.

Of the four factors which I have listed as being primarily responsible for the change in the monetary climate during the past year, only the first, the change in the fiscal position of the Treasury, was a known quantity at the beginning of the year; and, even though it was known, the magnitude of its impact was probably not fully appreciated. The second factor, the slack in economic activity since January, came as a surprise to most people, including (I regret to say) myself. It was generally expected that heavy inventory accumulation would keep the economy in a buoyant condition until at least mid-1960. In fact, we got a rapid inventory accumulation in December and January, but since January inventory accumulation has been proceeding at a declining rate. As a consequence, the business demand for funds has been substantially smaller than anticipated.

The fact that we have been able to enjoy a prolonged period of business expansion without any substantial inflation, together with the absence of speculative fervor following the end of the steel strike, has led to the third factor, a diminution of the inflation fear among investor groups, with a consequent realignment of the relative position of stocks and bonds in investor favor.

In addition, and in response to the first three factors, we have seen the Federal Reserve break with the precedent of earlier years and move toward a somewhat easier monetary policy well before we have moved into a recession.

I would like to discuss something at this point about the nature of the recent shift in monetary policy. There was a substantial easing in the money market well before the Federal Reserve made any overt move toward a less restrictive policy, an easing which was produced by a slackening demand for money. It was not until the latter part of March that the Federal Reserve began to move overtly toward an easier money policy and it was only recently that this easier policy was formalized by a cut in the discount rate.

Describes Present Monetary Policy

The present monetary policy of the Federal Reserve is probably best described as neutral. The Fed apparently believes, and quite rightly so, that the present circumstances do not call for a policy of active monetary restraint. On the other hand, the Fed has not yet moved aggressively to provide a strong monetary stimulus to the economy. This accounts for the fact that, although yields on Treasury bills and other short-term paper have dropped sharply, the prime rate remains at 5% and that there has been, as yet, only a relatively modest easing in longer-term debt yields and mortgage yields. The impact of easier money conditions on the commercial banks has been limited largely to the reduction of their indebtedness to the Federal Reserve. The ratio of bank loans to deposits is still as high as ever. On the basis of its performance in the last few weeks, it would seem that the Fed is prepared to maintain its present policy of neutrality until the basic trend in economic activity becomes a little clearer.

Future Prospects

The future prospects for the money markets depend, of course, on the future prospects for the economy. The prime determinants of the pressures on the money markets in the months ahead will be the business demand for credit and Federal Reserve policy, both of which will be determined by the course of economic activity.

In my own view, the prospects for the economy during the remainder of 1960 and into 1961 are not bullish. The evidence suggests to me that, at best, we are likely to have a leveling-out period in economic activity; and, at worst, we could see the beginning of a cyclical downturn. At present, I see no basis for anticipating a strong upsurge in economic activity. Furthermore, I think the odds are very good that we will be in the downward phase of the business cycle within a year from now, with more than a possibility that a cyclical turning point may be reached in the latter part of 1961.

Having this view of the prospects for the economy, it seems most probable to me that the general trend of interest rates will be downward throughout the balance of 1960 and into 1961. The timing of further declines in money rates and the speed with which easier monetary conditions are transmitted to slower-adjusting sectors of the money market, such as the mortgage market, will be determined by the timing and the sharpness of movements in general economic activity. One thing seems certain—the Federal Reserve is likely to move toward a policy of active ease very promptly upon any further showing of weakness in the economy, much more promptly than it did during the recession of 1957-58.

*From an address by Mr. Morris before the Business Outlook Conference sponsored by the Chamber of Commerce of the United States, Washington, D. C., June 24, 1960. Mr. Morris prepared two charts illustrating some of the trends discussed.

Splaine & Frederick Inc.

MILWAUKEE, Wis. — The firm name of Paul-Mark, Inc. has been changed to Splaine & Frederick, Inc. and the firm is now conducting its investment business from offices at 802 North Marshall St. Paul O. Frederick and Mark J. Splaine, both formerly with Loewi & Co., Incorporated, are principals of the firm.

May & Co. Opens Seattle Branch

SEATTLE, Wash. — May & Co., Inc., a member of the Pacific Coast Stock Exchange, has opened a Seattle branch office as of July 1, at 645 Washington Building.

Earle C. May, president of the 3-year-old firm, has appointed Frances M. Barnick and Lloyd Detlofsen co-managers of the new office.

Miss Barnick, a graduate of the University of Minnesota, has been an account executive with May & Co., Inc., in Portland for the past year. Previously she worked for the Oregon Wheat Growers League, Portland, and for Monsanto Chemical Co., Seattle. Miss Barnick was active in educational programming in North Dakota and Minnesota, for the U. S. Department of Agriculture, before coming to the west coast.

Mr. Detlofsen has been with the Portland office of May & Co., Inc. for the past year. After serving four years in the Coast Guard, he was a manufacturer's representative for his father's firm, Lloyd Detlofsen & Co., Seattle.

Eleven Top Industry Heads Survey the Business Outlook

Mid-year recheck of predictions made last December on the outlook for the economy's vital sectors by distinguished business heads of the industries concerned, somewhat reduces in most cases the bullish expectations originally held for the year. Some of the observations are: continued growth is in store for all three phases of the utility industry; the money market improvement may not substantially ease effective mortgage credit; hopeful signs are reported for the jet airplane industry's growing pains; merchandising expects to gain in the second half at the expense of the first half year's weakness; construction machinery should experience some improvement in the second half compared to last year—bolstered by favorable outlook for sales abroad; annual sales rate for last three-quarters of the year should hit seven million cars; petroleum earnings ought to equal 1959 results aided by signs of diminishment in crude runs to refineries; slowdown in economy's growth adversely affects rails; and interest rates can be expected to remain relatively firm in the months ahead in the face of anticipated seasonal rise in bank loans and substantial rise in consumer credit.

Continuing its distinguished series of business outlook views by prominent industrialists, the First National Bank of Chicago recently held its mid-year examination of the last six months of 1960.

Last December 10 leaders in commerce and industry participated in the Bank's sixth annual discussion on the business outlook and confined their comment for their respective industries to the first six months of the new year. The present panel covered the last six months of 1960 and extended the observations made last December.

The panelists and their outlook views follow in alphabetical order, with Homer J. Livingston, Chairman of the Board of the bank sponsoring the panel, giving his views on credit and interest rates last:

By* Eskil I. Bjork, *Chairman, Peoples Gas Light and Coke Company

(Public Utilities Industry)

A review of the economic outlook for the public utility industry for the year 1960, as submitted at the sixth annual panel discussion on the business outlook, suggests that the predictions then made are in prospect of realization.

Eskil I. Bjork

An increase of about four million telephones in service during the year 1960 is still the expectation. Capital expenditures by the telephone industry are likely to be somewhat in excess of $2.8 billion.

The increase in output by the electric utility industry to date in 1960 has been approximately 7.7% over the same period of 1959, which would indicate that the annual increase may be somewhat in excess of the earlier prediction of 7%. Weather conditions during the summer could have a bearing on the final result. Construction expenditures by investor-owned electric utilities will be about $3.5 billion for the year.

The current estimate of the volume of gas sales in 1960 is about 93 billion therms, which is somewhat higher than the earlier estimate of 91 billion therms. Construction expenditures for the year will be approximately $2 billion, of which $1.2 billion will be spent in the second half of the year.

Thus, these three segments of the public utility industry are in prospect of maintaining growth trends of the recent past, and our mid-year review suggests that 1960 should be a relatively good year for each of these segments.

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By* Joseph L. Block, *Chairman, Inland Steel Company

(Steel Industry)

The hazards of forecasting were brought home forcibly to steelmen during the last six months, for we were all "way off the beam." Last December, in common with many other members of the industry, I thought there would be a persistent all-out demand for steel throughout the first half of 1960. This appeared to be a natural aftermath of the record 116-day strike which terminated in November. But, as we now know, it just did not happen.

Joseph L. Block

While production was maintained at a high level during the first quarter, averaging 94% of capacity, incoming orders began tapering off early in the year, and as a result second quarter production receded week by week, and currently is at surprisingly low rates. Production during the first half will total about 61 million ingot tons, which is 82% of capacity.

Why did not 1960 measure up to those early euthusiastic expectations? In retrospect it is now clear that business, while good, has lacked some of its anticipated vigor, and this has had its effect on both the consumption of steel and the rebuilding of steel inventories. Customers not only ceased rebuilding their steel inventories at much earlier dates than we expected, but recently many have been trimming their stocks from previously acceptable levels. The causes for this change are speculative, but very likely the ready availability of steel products and the tight money situation are factors. It is also now apparent that estimates of steel inventories at the end of the strike were too low. In addition, a record 1.4 million tons of steel imports in the first quarter of this year played a part in reducing the demand for domestic steel.

But while incoming business during the past several months has been disappointing when measured against earlier estimates, the outlook for the balance of the year is far from dismal. Steel customers appear to have completed or to be about to complete their inventory adjustments. Very shortly steel production should reflect the rate of steel consumption, and this should continue for the remainder of the year.

Among major steel using industries consumption is holding up reasonably well, and a few show some signs of gaining strength. Rising business spending on new plant and equipment means increased activity in the construction and machinery markets. Contracts for new heavy construction are being awarded at record rates, and our good customers, the structural steel fabricators, are experiencing an upsurge in both new orders and shipments. Consumer spending continues to move up, reflecting rising personal income and expanding installment debt. And based on recent surveys of their buying intentions, consumers intend to go on increasing their outlays for durable goods. This augurs well for our automotive and appliance customers. Earlier production forecasts of 6.5 million U. S. cars are beginning to look good to the experts again, after having been in relative disrepute during recent months.

For these reasons we believe steel consumption will increase as the year progresses, and with inventories at desired levels, we expect steel production to rise by late summer and to reflect satisfactory, but surely not peak, rates throughout the latter months of the year. While I have lowered my sights for 1960, I still expect it will be one of the industry's best production years, with a bare possibility of topping the 1955 record ingot output of 117 million tons. My present estimate is that production in the second half will aggregate 54 to 57 million tons, bringing the year's total into a range of 115 to 118 million tons. If this eventuates, the operating rate for the second half would be in the middle seventies, and for the year as a whole in the high seventies. This would, of course, be considerably better than last year when the strike reduced total output to 93.4 million ingot tons, which was 63% of capacity.

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By* James C. Downs, Jr., *Chairman of the Board, Real Estate Research Corporation

(Construction Industry)

The situation which faces us as we sit down on June 1st to extend our forecast to the period of the last six months of 1960 is uniquely reminiscent of that which prevailed in December, 1959 when the original estimates were made. One is almost tempted to say: "This is where we came in." Just as was true in December, the stock market trend is strongly upward. Business forecasts are once again aiming at high sights after having been lowered to hit declining business in the first five months of the year.

James C. Downs, Jr.

Our estimate of the construction industry for the first six months of 1960 called for an overall decline of 6.6%. The specific categorical projection was contained in our summary which said:

- Residential building will be off 20%
- Commercial building will up 5%
- Industrial building will be up 20%
- Institutional building will be unchanged
- Repairs and maintenance will be up 6%
- Public construction will be down 5%

Based on statistics available at the date of this writing (which are by no means complete and are based, in part, on estimates which thus far this year have been revised downward when final figures have been assembled), the construction industry as a whole is approximately 2% behind a year ago. On a categorical basis:

- Housing starts are off 21%
- Commercial building is up 13%
- Industrial building is up 35%
- Institutional building is approximately level with a year ago
- Public construction is off 13%
- Meaningful figures on repairs and maintenance are not available.

We are still of the opinion that when final figures are in covering the first six months, the decline of the industry as a whole will range between 4 and 6%.

Giving attention now to the question of the construction industry in the last six months of 1960, it is pertinent to point out at the outset that the comparable period of 1959 was one of spotty decline, especially in the housing field. Thus, if present construction merely holds its present rate, the decline from the previous year will tend to be lower.

The conditions which were cited in our original construction forecast in all of the major categories above referred to have not been changed materially since December. The much publicized improvement in money market conditions has not thus far manifested itself appreciably to the benefit of real estate borrowers. Moreover, we do not anticipate that there will be substantial "easing" of effective mortgage credit during the balance of the year. In terms of market demand, there has been little change in the vacancy situation in either residential or commercial properties. In both categories, rentals are not capable of current increase, and operating expenses (especially local real estate taxes) are trending sharply higher. Outlays for plant expansion, in our opinion, have tended to decrease gradually in the past several months and the pressures for reduction of public building are even more meaningful at the state and local level than they were at the beginning of the year. In summary, our estimates for the last six months of 1960 compared with the last six months of 1959 are as follows:

- Residential building will be off 15%
- Commercial building will up 5%
- Industrial building will be up 20%
- Institutional building will be unchanged
- Repairs and maintenance will be up 8%
- Public construction will be down 8%.

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By* Earl D. Johnson, *President, General Dynamics Corporation

(Aircraft and Missiles Industry)

"Since the aircraft and missiles industry produces mainly against government orders, any predictions regarding its business future have to be based upon assumptions concerning the international situation, strategic concepts and government fiscal policy."

Earl D. Johnson

Six months ago I used those words in my remarks on the outlook for our industry in the first half of 1960. As I undertake a similar forecast for the seecond half, the thought embodied in those words deserves special emphasis.

At the moment, we are informed that the military budget for 1961 had discounted in advance that the Paris meetings would afford a basis for relaxing our guard and, accordingly, that no increase in the level of defense preparations and expenditure is planned. Whether a fresh assessment of the threat in light of the recent international developments will bring about any alteration of our current military posture must be left at this time to speculation. My prophecies will be based on the assumptions prevailing "before Paris." The importance of this caveat is attested by the fact that, currently, government orders comprise about five-sixths of our industry's dollar volume.

It has been our Government's policy to maintain annual defense spending at about $41 billion level. Within this level, expenditures for the procurement, research, development, and test of both aircraft and missiles have been at or about $12 billion. Expenditures are projected at approximately this level in the next year or two, although their composition will change.

In spite of this stability, these expenditures, planned in support of our national race for leadership in space technology and exploration, are on the rise. The National Aeronautics and Space Administration's budget is in excess of $600 million in fiscal 1961, more than triple 1959's; while new obligating authority, the forerunner of expenditure levels in later years, in 1961 will be about $900 million. Moreover, NASA's recently announced long range program for the Sixties will require an average yearly effort in the $1.5 billion range.

As builders of aircraft and missiles, we are not only allied with, but a part of, the expanding electronics industry. During calendar 1959, military purchases of electronic items were on the order of $4.5 to $5 billion, absorbing about half of total U. S. electronic sales as against less than one-fifth 10 years ago. We anticipate a continuing rise in expenditures for military electronics, although at not as steep a rate.

Although sales to the Government are of fundamental importance to our business, the remaining or commercial sixth of our volume is a vital segment of the whole. There has been much recent concern over what might be called jet-age growing pains in the airlines industry. As jet builders, we share in this concern, but, for one, I see many hopeful signs for the future. Operationally, equipment-wise and service-wise, the industry enjoys a position of growing strength, to which the traveling public will continue to respond with increasing patronage. For instance, last year United States scheduled airlines flew 36.3 billion passenger miles, an increase of five billion or 16% over 1958. New peaks in world-wide travel are being witnessed in 1960. Correctives to those problems which are governmental in origin —such as overcompetitive route conditions, outmoded tariff structures, and a depressive rate of return concept—while not at hand are on the way.

In 1959 this country's scheduled airline industry carried a record 589 million ton miles of freight, up 17.5% from the year before. Indications to date are that a similar gain will be tallied in 1960. To accelerate and capitalize on this trend, many airlines are converting their piston-driven passenger craft to cargo configurations. Early in 1961 the first all-cargo turboprop airplane will enter commercial service. Reducing these trends to a projection for 1960, we should look for these developments:

(1) Government expenditures for military aircraft and missiles and for space programs continuing at the $12 billion level, with increasing expenditures for military electronics.

(2) A continuing rise in the proportion of government expenditures for military and space missiles as compared to aircraft—about 45% of the combined total by year's end.

(3) New records in passenger-miles and cargo ton miles flown by U. S. and foreign airlines.

(4) Renewal of orders for new

turbine-powered passenger and cargo aircraft.

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By **Charles H. Kellstadt,** ***Chairman of the Board, Sears, Roebuck and Co.***

(Merchandising)

Charles H. Kellstadt

When I appeared on this panel last December, I mentioned that because of the long steel strike in fall 1959, which was causing some sales to be postponed, I was raising my sights for spring 1960 from an expectancy of a 5% increase to about 7 or 8%. Right now, I must ruefully admit I wish I had stuck to my original figure, as our increase has averaged 4% in the first four months of our 1960 fiscal year. Adverse weather has played an important part in these results. You will recall how severe both February and March were across much of the nation. April was better and sales responded. May again was on the cool side which retarded sales of outdoor goods and light weight apparel.

But it would be a mistake to ascribe all of the lacklustre performance to the weather. Consumers are well stocked with durable goods of all sorts and have been fair but not avid buyers of appliances and home furnishings. With the country's enormous capacity to produce such goods, manufacturers' inventories have accumulated somewhat faster than was anticipated, and we have seen the F R B index of industrial production of home goods, including appliances, drop from 123 in January to 114 in March; the April figure, when available, may be even lower. Other factors also are operating to diminish the intensity of inventory demand such as the recent trend towards relative stability in prices; improvement in techniques for inventory control; relatively high cost of financing inventory at current interest rates; vast changes in military procurement programs, forcing shifts and readjustments in holdings of raw materials and goods - in - process, and finally, recognition of the fact that a full two years have elapsed since the start of the upturn in 1958, causing some business firms to start taking steps to guard against the possibility of being burdened with large inventories should the present turn out to be the peak of the business cycle.

Paradoxically, the weaknesses of the first half of 1960 may strengthen the outlook for the second. Aggregate consumer incomes would justify a higher level of retail sales than we have had in recent months, despite some unemployment and shorter work weeks in some industrial centers. With inventories getting low in relation to sales, a slow rise in consumer demand for goods will be more effective in raising the level of manufacturing activity during the second half than if larger inventories had been accumulated in the first half. Spending for plant and equipment will be higher in the last half of this year and outlays by state and local governments are still trending upward. Residential construction is expected to show a modest improvement over the first half with the more liberal FHA mortgage terms and possible improved availability of funds. It is also possible that government outlays for defense may be stepped up somewhat although this may not turn out to be a significant influence in business activity in 1960.

In sum, there are a number of potent factors working for further growth in economic activity, employment and income. Assuming that consumer income will continue to rise slowly throughout the year, supported by a high and steady level of employment and rising wage and salary rates, we can expect a somewhat higher level of retail sales in the second half than in the first. Compared to a year ago, the anticipated increase of about 5% will be more closely related to the increase in income than was the case in the first half.

There are many claimants for the consumers' dollar. Services will probably continue to take an increasing share, making competition among retailers just that much keener. Distortions to figures in late 1959, because of the steel strike, will produce freakish percentages of change in late 1960 and these may make it difficult to retain perspective. But on one thing I think we can get agreement . . . that the ability of the economy to reach these levels give or take a little bit, means we are entering the Sixties, not "soaring," not "sizzling," but in a manner not inconsistent with our ideas for sound long term growth.

* * *

By **Franklin J. Lunding,** ***Chairman of the Board, Jewel Tea Co., Inc.***

(Retail Food Distribution)

Retail food store sales reached a record annual rate of $53.3 billion in the January through April period of 1960 according to U. S. Department of Commerce data, 3.6% above sales in the same months a year ago. Thus, during this four month period, food store sales have again responded to rising personal income which was at the annual rate of $394.3 billion, also a record and up 5.4% from a year ago. The increase in retail food store sales during this period failed to equal the rise in personal income because food prices were moderately lower than a year ago.

Franklin J. Lunding

Over the balance of the year, we anticipate that retail food prices will continue at bargain levels, though probably averaging slightly higher than in the depressed second half of 1959 and the first three months of 1960. Pork and eggs, especially low a year ago, will likely be up in price this summer and fall. On the other hand, consumers can look forward to gradually declining prices for beef. This should provide a favorable opportunity for food store sales if personal income continues at high levels.

As this is written, we appear to be going through another period of inventory adjustment in the economy, such as we have weathered on other occasions since World War II without suffering severe declines in personal income. It therefore seems likely that food store sales will be well maintained in the second half of the year, close to their recent rate, and should continue to exceed year ago results.

As forecast last December, the profit picture this year has been mixed, with some food retailers reporting increases in earnings and others decreases. We expect that this situation will continue because competition for the consumers' expenditure dollar is most intense.

The Bureau of Labor Statistics of the U. S. Department of Labor reports retail food prices in retail stores stood at 116.7% of the 1947-49 average in April. This was up 1.2% from a year ago, which was less than the rise of 2.0% in the Labor Department's All-Item Consumer Price Index. The gap between the level of the Food Price Index and the All-Item Consumer Price Index widened even further in the past year. The above-mentioned 116.7% of the 1947-49 average for food compares with 126.2% of the 1947-49 average for All Items.

With food a bargain relative to other consumer items competing for the consumers' dollars, the improvements in merchandising, promotion, variety and store facilities by wholesaler-sponsored independent food retailers and continued strong effort by the corporate chains to build added consumer acceptance of supermarkets, the retail food industry, as the largest consumer goods industry in America, should again be a stabilizing element in the economy in the final six months of 1960.

* * *

By **Louis B. Neumiller,** ***Chairman of the Board, Caterpillar Tractor Co.***

(Construction Machinery Industry)

Like companies in many different industries, construction machinery manufacturers have found domestic business somewhat disappointing during the first part of 1960. This appears to be so for two reasons. First, the general economic situation has not proved to bas as good as was expected last December. Lower sales of automobiles and other consumer durables combined with cautious inventory policies have had a widespread effect throughout the entire economy. The second factor is one affecting the construction machinery industry specifically. Lower sales of machinery to construction contractors are attributed to the lull in highway contract awards following the cutback in federal-aid funds in the latter part of 1959, the effects of which were still being felt in the early spring of this year.

Louis B. Neumiller

Congress cut federal-aid funds for Interstate System highway construction from a $2.3 billion obligation rate in fiscal 1959 (ended June 30, 1959) to $1.8 billion in the 1960 fiscal year. Furthermore, in order to restore the trust fund to a balanced position by the end of the 1960 fiscal year, only one-third of the year's funds were made available for obligation in the last half of 1959 and two-thirds were made available for obligation in the first half of 1960. This resulted in a sharp cutback in highway contract awards during the latter part of 1959 and complicating circumstances — severe weather during March and changes in standards for Interstate System roads—prevented a quick recovery of highway construction after the flow of federal-aid funds was reestablished at its former level early this year. As a result, many contractors were still looking for work this spring, which was reflected in low bid prices, and their equipment purchases were correspondingly affected.

Based on the amount of federal-aid funds available, it is now expected that contract lettings for the year by state highway departments will increase substantially over the 1959 level. By midsummer, it is anticipated that the volume of highway construction work under way will be comparable with that in process before the 1959 cutback occurred.

Meanwhile, the volume of other construction activity has been well maintained. The volume of industrial plant construction is being stimulated modestly by increasing expenditures for plant facilities. In April the Canadian National Energy Board authorized four major gas transmission companies to export substantial volumes of natural gas to the United States. This decision should lead to a higher level of pipeline construction in the second half of this year. Dam construction—such as that at Big Bend on the Missouri River, involving 7 million cubic yards of earthmoving this year—is continuing in the West and Northwest. In addition, a considerable volume of work is involved this year in the construction of a number of Atlas and Titan missile launching bases.

Although easier credit conditions should lead to some increase in residential building later this year, housing starts are not likely to regain the 15% decline from the level prevailing a year ago. Consequently, machinery needs by residential building contractors are likely to be less than last year. In spite of lower lumber consumption and cautious log and lumber inventory policies, machine sales to loggers are moving at a favorable pace.

Because of the downward revisions in output by the steel, coal, non-ferrous metal, and petroleum industries, the volume of machinery purchased by these users is likely to be less than had been expected earlier.

Sales of construction machinery to foreign markets continue to be reassuring. Despite the unsettling effects of international political developments, construction activity is requiring record quantities of machinery in Europe. Although Canadian economic activity is closely tied to that in the United States, the construction machinery business has been somewhat better there since there was no cutback in highway construction as experienced in the United States. Export earnings of countries producing agricultural commodities and industrial raw materials have not regained the boom level of earlier years, but they have recovered to the point that enables them to buy a larger volume of construction machinery than last year, when earnings were being used to rebuild gold and foreign exchange reserves.

In summary, domestic business during the early months of 1960 proved to be somewhat disappointing to the construction machinery industry. Some improvement appears in prospect during the second half in comparison to last year, as highway construction climbs back toward its former level. Aside from the unsettled international situation,

Continued on page 20

Eleven Top Industry Heads Survey the Business Outlook

Continued from page 19

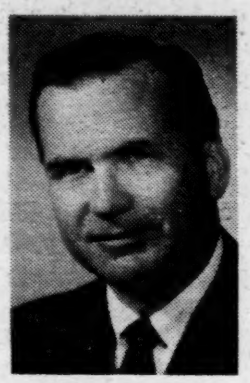
the outlook for foreign business continues to be quite favorable.

* * *

By W. C. Newberg (recently resigned) President of the Chrysler Corporation

(Automobile Industry)

Last December there was general agreement in the automobile industry that retail new-car sales in 1960 would be in the neighborhood of 7 million units. This expectation was based in part on the great interest shown by the public last fall in the 1960 models, including the new compacts; and in part on the belief that hundreds of thousands of sales that might have been made in the closing months of 1959 had been postponed until the early months of 1960 because of shortages of stocks caused by the steel strike.



W. C. Newberg

In the first three months of 1960 the rate of retail sales fell considerably below expectations —largely as the result of unusually adverse weather in many parts of the country. But in April, sales reached the rate that had been anticipated. And, at the present time, retail new-car sales for the year 1960 are expected to total 6.7 to 6.8 million units, including approximately a half million imports. This will make 1960 second only to 1955, when 7.2 million cars were sold at retail.

For the 90 days preceding June 1, retail new-car sales in United States totaled 1,870,000 units, including an estimated 150,000 imports. This is the second highest total for this period in the history of the automobile business—only 11% below the same period in 1955, when 2,110,000 units were sold. These facts indicate that retail new-car sales are currently running at the 7-million-year rate which at the end of the last year we had expected would prevail throughout all of 1960. And there is every reason to believe that this rate will be sustained during the last six months of 1960.

Market trends in the automobile business can be profoundly affected, of course, by changes in the personal views of prospective car purchasers — especially their views about the future of the economy. Available evidence indicates that the average car buyer is in a highly confident frame of mind. According to a study made during the first quarter of this year by the Survey Research Center of the University of Michigan, consumer confidence has climbed to near-record levels. The same survey revealed that people are in a better financial position to buy cars than ever before, with about 25% of all families interviewed having liquid assets of more than $2,000. This is a new peak.

Over the past year the most pronounced change in the automobile market has been the shift of sales to the low-price sector. Cars in this class—including Plymouth, Dodge Dart, Ford, Chevrolet, the U. S.-built compacts and the low-price imports — are now selling about 74% of the new-car market, compared with slightly over 50% in the early 1950's. And with four new U. S.-built compacts being introduced in the fall, it is probable that cars in the low-price class—as I have defined that class — will account for at least 80% of the market before the end of 1960. It should be pointed out, of course, that automobile price classes are in a state of rapid flux. It seems clear, for example, that in recent years car buyers have been looking upon cars in the top series of Plymouth, Ford, Chevrolet—and more recently, Dodge Dart — as belonging to the medium-price class.

One of the most interesting developments in the automobile market this year is the leveling off in the retail sales of imported cars. In large part as the result of the introduction of four new American-built compacts into this year's market, the sales of imports in 1960 will fail to show an increase over sales in 1959. It now seems likely that import sales for the year will be off as much as 10% from those of last year.

The automobile business is having an excellent year. And in the months ahead we in the business expect to contribute our full share to an excellent year for the national economy.

* * *

By Frank O. Prior, Chairman of the Board, Standard Oil Company (Indiana)

(Petroleum Industry)

The first quarter of 1960 was disappointing to the petroleum industry.

Domestic production of crude oil was slightly under that in the previous year. Demand for products increased only about 1%.

Frank O. Prior

Oversupply of products continued to plague the industry. Product prices were weak and declining. Adverse weather conditions cut into sales volume. It was hardly surprising, then, that domestic earnings fell compared with the first quarter of 1959. Earnings for the primarily domestic oil companies declined about 13%.

In the spring wholesale gasoline and heating oil prices were as low as or lower than they have been in five years. Yet, unbelievably, the nation's refiners added more gasoline and middle distillates to inventory in April than in any other April in the last dozen years. Stocks of crude oil are somewhat on the high side. Gasoline stocks are 10 million barrels higher than a year ago at which time they were excessive. Other petroleum products are in fairly good balance.

It appears that the second quarter of 1960 will show very little if any improvement over the first quarter.

For the year 1960 as a whole, domestic production of crude oil should top 1959 production by about 2.5%. Domestic demand for products is expected to show a gain of about 3%. In the foreign free world the increase in demand is likely to be about 7%.

These mildly favorable factors must be matched against chronic oversupply and weak product prices.

However, crude runs to refineries have shown signs of diminishing. We believe this is a trend that will continue and so slowly correct the oversupply problem. Product prices have already shown some improvement and we now expect further improvement. Product price levels in the last half of 1960 should generally be better than in the first half. Crude prices should hold substantially at present levels. We expect improved earnings for the oil industry in the second half. For the year, domestic earnings are likely to approach the 1959 results.

There are some conditions about which the petroleum industry can do little or nothing—such as the weather. But there are other conditions about which the industry can and must do a great deal. In the latter classification is the relationship between supply and demand. In particular, individual oil companies must do two things—adjust supply to demand, and stimulate increased demand.

The perennial problem of oversupply is one that only individual companies can correct by gaining a realization that volume at a profit is the concept that must replace the goal of volume for volume's sake.

Both individual companies and the industry as such are making more aggressive efforts to increase demand. My own company's "As You Travel—Ask Us" program, to make increased traveling more interesting and enjoyable to the motorist, is an example.

* * *

By James M. Symes, Chairman of the Board, The Pennsylvania Railroad Company

(Railroad Industry)

Much has happened in the last six months to alter the outlook for the remainder of this year from what seemed almost certain last December. Most of what has happened can only adversely affect the railroad industry. Railroads are dependent on the demand for the products of other industries, especially on that for the durable goods industries. Yet it is particularly in these areas that weaknesses have set in. The output of steel, for the year, is expected to be down by about 12% to 15% from beginning-of-the-year estimates. Partly as a result, the production of bituminous coal will be lower than had been expected. Sooner or later the flow of iron ore will have to be cut. Prospects for auto production are down from earlier estimates. Softness has developed in the appliance field.

James M. Symes

There is some difference of opinion as to whether the economy will be heading downward by the year's end or will approach 1961 with strength. In either case, I think that compared to the first half of 1960, total carloads will move downward, on a seasonally adjusted basis. The industry may show some gains over the second half of 1959, but that is a spurious comparison because the latter half of last year was distorted by the longest steel strike in history.

My pessimistic outlook for the railroads in the second half of 1960 is not predicated on an expectation that general business will turn down before the end of the year; that may or may not happen. What is of far greater concern to me is that we are now seeing a slowdown in the rate of increase in general business activity, and that rail freight business has recently proved to very vulnerable to that kind of tapering-off in business expansion which generally precedes a business cycle peak. In the three such slowdowns that have materialized into business downturns since the close of World War II, the railroad industry has been adversely affected 12-18 months in advance.

While on the subject of the business cycle and its relation to the railroad industry, I might add that although the three contractions in general business since the war have averaged eleven months each in duration, the railroads have suffered from them for an average of 27 months each. On the other hand, the two full post-1947 expansions have lasted an average of 40 months for general business, as against only 23 months for the railroads.

But the ups and downs of the economy as a whole are not the only problem that faces our industry. Excessive state and local taxes and restrictive regulation are still with us. Competition with carriers, who do not have our tax burden but are heavily subsidized, still thwart our efforts at economy and progress. Paramount at the moment, however, is the problem of our negotiations with labor.

To date, as many are aware, an arbitration award has been handed down on the wage issue in one of the several disputes under negotiation. This award has already set the pattern for a settlement in one of the cases under mediation. Another dispute is before a Presidential Emergency Board. Several other negotiations, including that involving the industry's demands for the lessening of "featherbedding," are temporarily in abeyance. It is probable that the award just handed down will have great influence on the ultimate settlement of the wage issue in the remaining disputes.

The immediate problem that challenges the industry is how to pay the additional wage increases, assuming that the award will set the pattern for all employees. It has been estimated that, if the arbitration award becomes the pattern for all classes of employees, it will ultimately cost all Class I Railroads $196,476,000 per year. This would be equal to approximately one-third of their 1959 net income. But the total picture conceals the impossible situation that faces some of the railroads. For them the increase in their wage bill is greater than their net income in any of the last several years.

Three types of action, in some combination, will have to be taken by individual roads: increase rates, which always means some loss in traffic; decrease service, which again means a reduction in traffic volume and jobs, or get some relief from payment for work not needed or not performed, more popularly known as "featherbedding."

Whatever the railroad industry finally does, it seems fairly certain that labor will have to share, to a greater degree than it has, in the burden that management and the stockholders have had to carry for many years. Despite the industry's concern for the personal hardship involved, jobs, in the industry, have declined by an average of almost 45,000 per year over the past 12 years. Unless there is a change in the circumstances under which railroads operate, this pattern will continue.

We can only hope that the second half of 1960 brings us closer to a national transportation policy that will provide greater equity for the railroad industry and permit it to furnish the quality of service of which it is capable under private enterprise.

By Homer J. Livingston, Chairman of the Board, The First National Bank of Chicago

(Credit and Interest Rates)

Business loan demand since the first of the year has been remarkably strong. This borrowing by commercial and industrial firms, which accounts for about 45% of the total loans of the nation's major banks, increased more in the first 5 months of this year than in any of the last 5 years with the exception of 1956. A strong demand by business for bank loans has occurred despite the less than anticipated buoyancy of business which resulted from strike-caused shortages being eliminated more rapidly than expected.

Homer J. Livingston

In addition, the resources or reserves of the banks available to accommodate their borrowers have declined rather sharply despite a less restrictive credit policy by the Federal Reserve authorities. By early June, the demand deposits of the weekly reporting members were down about $5 billion, a decline of over 8% since the year end. As a consequence, the loan-deposit ratio of these banks, which is one significant measure of liquidity, currently is above the relatively high level that prevailed at the year end. The interest rate on bank loans, therefore, to date at least, has been firm.

Pressures in the capital markets, however, have grown somewhat easier since the first of the year. This largely reflects the shift in the finances of the Federal Government as revenues have exceeded disbursements, permitting some debt retirement. New corporate issues sold for cash in the first quarter were about 20% less than in the previous quarter, while borrowing by state and local governments has not risen appreciably.

Reflecting an easing of pressures in the capital markets, bond yields have traced a generally downward trend since the first of the year. Yields on the shorter maturities have declined more sharply than those on the intermediate and long end of the market. The Federal Reserve System, in response to these changes and also because of an apparent lessening of the inflationary psychology on the part of the public, reduced the rediscount rate early in June from 4% to 3½%.

Bank credit — total loans and investments of the commercial banks—is likely to rise between now and the year end. The business outlook generally suggests a more than seasonal rise in bank loans. Income and employment would indicate sustained high volume of consumer buying and a survey of consumers confirms this opinion. If this expectation is realized, a substantial rise in instalment credit is likely. While total inventories are at record levels, stocks on hand at retail level are low in relation to sales suggesting some possible expansion of business buying. Furthermore, the Treasury will have a seasonal cash deficit of $4 to $5 billion in the last half of the year, despite a projected budget surplus for fiscal 1961. It is likely that some portion of this temporary increase in the government debt is likely to find its way into the portfolios of the commercial banks. Because of the less restrictive credit policy of the monetary authorities, it seems reasonable to expect that the banking system will be supplied with additional reserves. This will enable the commercial banks to accommodate the increase in demand for bank credit that I believe will develop in the months ahead.

The capital investment programs of business, as in the recent past, are expected to be largely financed by internal funds—retained earnings and depreciation —with perhaps some small resort to the capital markets. On the other hand, the lower level of yields in the capital markets probably will cause the volume of state and municipal bond issues to rise modestly.

On balance, however, I would expect interest rates to be relatively firm in the months ahead

MUTUAL FUNDS

BY ROBERT E. RICH

Pension Funds: Problems and Opportunities

There's probably no field that offers greater opportunities in this second half of the Twentieth Century than investment counseling. We are entering an era when it will be a rare person who does not have a vital stake in sound investment stewardship. Already, the profession cuts across every walk of life through the open-end and closed-end funds, insurance companies and the trust funds of private and public employees.

Pension funds of our corporations continued to grow last year. Assets now total close to $25.5 billion. Over the past few years these assets have risen on an average of $2.9 billion annually. Among the significant developments indicated by the latest survey of the Securities and Exchange Commission were stepped-up purchases of common stock and a slowing of the growth in holdings of corporate bonds. With employers contributing, on the average, something like $2 for every $1 from the beneficiary, it is not difficult to understand the considerable attraction of corporate pension funds. The figures show that their total assets as recently as 1953 were on the order of $10 billion.

That, incidentally, was the year when the peak rate of growth (22%) was attained. Last year, the percentage increase for all funds was 14½%, about the same as in 1958.

The rates of return on investments of pension funds for the years 1956 through 1959, based on market values, were 3.39% in 1956, rising to 3.69% in 1957 and then falling to 3.67% in 1958 and 3.6% last year. The moderate decrease in the rate of return in 1959 reflects the decline in yield of common stocks, which more than offset rising bond yields, a condition not unknown to the mutual funds.

The pension funds of personnel employed by governments, at all levels, were huge long before the corporate funds gained major stature. Public retirement funds now total about $51 billion.

Down in Texas, that state's legislators are scrutinizing closely the investment policies of its leading trust funds. The word has gone out that Texas lawmakers are somewhat concerned and there is talk of creating a central state agency to handle investment research and administration. Their objective: trim administrative costs and increase earnings of these trust funds.

These funds, growing at a rate of over $120 million per year, seem in the case of the Texas teachers' retirement system, at least, to have leaned rather heavily on the advice of a single private investment counselor. Securities had been purchased through only two dealers. This year the setup is undergoing changes.

It may very well be that when the legislators of other states and the men in Washington get around to taking a harder look at the handling of these tremendous sums of money, the public and top-drawer investment counseling will be major beneficiaries.

While many leaders in the investment community have understandable misgivings about political probing, this is the kind of study that holds out great promise of help to all but the shoddy and marginal operators. For that matter, a great service could be rendered by one of our foundations through such a study. Unfortunately, private foundations, no matter how well staffed, do not have the power of legislators.

The one thing investment stewards and people with a stake in pension funds cannot afford is to go on assuming that all is well. Wherever nest eggs grow by billions of dollars each year, it is a reasonable certainty that undesirable elements will be drawn in. We know from recent experience how certain union leaders have misappropriated funds that toiling folks thought had been set aside for their declining years.

It is difficult to imagine a more responsible calling than investment counseling. The people who make it their life's work—whether they're handling mutual funds, pension funds or individual portfolios — should themselves insist on working in a goldfish bowl.

The Funds Report

Keystone Income Common Stock Fund (Series S-2) reports that during the six months ended May 31, it added Community Public Service, Firstamerica Corp., Genesco, Gimbel Brothers, Northern Indiana Public Service and Standard Oil Co. (Indiana) and eliminated Abbott Laboratories, General Telephone & Electronics and Sinclair Oil.

The shares had a net asset value of $11.36 each on May 31, against $11.70 six months earlier and $13.04 on May 31, 1959.

* * *

American Business Shares reports that as of May 31 it had 49.6% of its assets in common stocks, reflecting a turn to a more defensive position. The balance was in cash, government and corporate bonds, guaranteed railroad stocks and preferred stocks.

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Investment Trust of Boston annual report discloses minor reductions in holdings of oil and steel issues. Holdings of foreign issues were increased.

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Investors Selective Fund made scant changes in the distribution of holdings during the six months ended May 31. At that time it had 16.3% of its investments in bonds and the balance in preferred issues.

* * *

International Resources Fund, during the three months to May 31, made new investments in *New Yorker Magazine*, Daimler-Benz, Jaguar Cars, Great West Life Assurance, Calgary Power, Chemical Process and Glaxo Laboratories.

* * *

Fidelity Capital Fund had 61.6% of its total investments, as of May 31, in consumer goods and services, cosmetics, office equipment, amusements and recreation, research and development and electrical and electronic issues.

* * *

Diversified Investment Fund, Inc., Elizabeth, N. J., reports substantially increased investments in bonds and preferred stocks between Nov. 30, 1959 and May 31, the first half of the fiscal year.

"When a balanced fund invests more heavily in senior securities," according to a spokesman for the fund, "it does not necessarily indicate pessimism as far as common stocks or the economic outlook are concerned. In our case, the fund's management added to bond holdings during the past six months in order to take advantage of the attractive income yields on bonds. Preferred stock holdings were enlarged for the same reason."

The consequent change in balance is shown in the following percentages of the fund's holdings to total net assets: Bonds and cash rose from 21.6% to 25.6% during the six-month span and preferreds climbed from 8.1% to 9.7%. Common stocks slipped to 64.7% from 70.3%.

In the common stock section, previous holdings of Central Louisiana Electric, Champion Spark Plug and Sunray Midcontinent Oil were increased and those of Dresser Industries, Granite City Steel, Jones & Laughlin, Sinclair Oil and Timken Roller Bearing were reduced. Eliminated from common stock section were Celotex, Chrysler and Cosden Petroleum.

* * *

Net asset value per share of **Samson Convertible Securities and Capital Fund, Inc.**, specializing in the field of convertible securities, rose from $24.28 to $27.09 during the six months ended May 31, the first half of its current fiscal year. Net assets at the end of May aggregated $164,236, compared with $114,327 on Nov. 30, 1959.

"During the past six months management has pursued the policy of investing a significant portion of the fund's assets in the industries that are likely to benefit from the increasing growth of modern technology, scientific research and development," the company told stockholders.

In its list of portfolio changes in the six months ended May 31, Samson added the following convertible debentures: Collins Radio, 4¾s of 1980, Brush Beryllium Co. 5s of 1974, Aldens, Inc. 5s of 1979 and White Stores, Inc. 4¾s of 1979.

Common stocks added were those of Rheem Manufacturing, Beauty Counselors, Microwave Associates, Unilever NV, Jarrell-Ash Co., and Philips Lamps.

Eliminated from the portfolio were the following convertible debentures: Sinclair Oil, 4⅜s of 1981, Allegheny Ludlum Steel, 4s of 1981, and Long Mile Rubber, 6s, of 1974.

* * *

Net assets of **Commonwealth Income Fund** totaled $17,664,731 on May 31, Chairman S. Waldo Coleman and President Robert L. Cody informed stockholders in the semi-annual report as compared with $14,756,589 on Nov. 30, 1959. Net asset value per share was $8.69 on May 31, compared with $8.99 on Nov. 30, 1959.

No major change was made in the fund's portfolio in the first half of fiscal 1960. Because of more attractive yields, the fund purchased common shares on balance, and the percentage invested in common stocks rose from 57.7% to 60.9% in the six months ended May 31. Nearly half of the fund's common stock investment is in industries which may be classified as defensive.

Among the common stocks added to the portfolio in the past six months were: Alabama Gas, American Investment of Illinois, Central Vermont Public Service, Philip Morris, Socony Mobil Oil and Storer Broadcasting.

Common stocks eliminated were: General Cable, Gillette, Tilo Roofing and United Shoe Machinery.

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Canada General Fund reports that as of the quarter ended May 31, the net asset value of the shares was $12.86, compared with $13.10 three months earlier.

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Total net assets of **Canadian Fund, Inc.** were $38,880,808 on May 31 and net assets per share were $16.03, according to the semi-annual report to shareholders for the period ended May 31. At Nov. 30, 1959, total net assets were $43,655,206 and net assets per share $17.19.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

"And Not Sound So Great Nor Act Too Wise"

One of the lessons you soon learn when you begin to sell securities is that you do not have to pose as the world's greatest expert security analyst, market prognosticator, or selector of growth situations to build the confidence of your clients in your judgment and your competance as a salesman. You learn that overselling your own capacity as an expert on investments can in fact have a deterrent effect rather than one that can be helpful in building status and establishing confidence. It is quite a different matter to speak convincingly when you have a knowledge of the facts involved. The man who knows the pitfalls and understands this business does not have to be dogmatic or consciously speak down to others. Humility often is a better selling tool than an egotistical attitude.

Know Your Customer

I have learned over the years to try to recognize my errors. I still make mistakes, as does everyone engaged in any type of serious endeavor as complicated as the securities business. When I do things right (and the longer you are in this business and, if you acquire the habit of reviewing your work, you will also recognize those times when you almost unconsciously did the right thing) I also make a mental note of it. Here's an instance:

Recently I opened a new account which involved the telephone sale of some tax exempt bonds to someone I had never met personally but who had answered an advertisement. This man came to the office to pay for his bonds and to meet me. The first thing I noticed that this man was conservative in his speech and dress and that he was about fifty-five years of age. We discussed his investments and he told me that he also owned a number of high quality blue chip common stocks. He didn't brag about his accomplishments nor about his investments, but he did speak with conviction regarding his own plans for the future in relation to his investments. This man was a solid citizen and I think we got along fine together.

When he paid his bill, and had his receipt, he got up to leave. As he did so I said something like this. "I am glad you came to the office and we have met. It is always helpful to know the people with whom we do business." He agreed. I went on, "I've been in the business almost thirty years and, although I have learned quite a bit about investing, there are still times when I also can learn a lot from some of my experienced investor friends and clients. If anytime you have an idea that you think you would like to discuss with me, or for that matter use some of the contacts my firm has established for further checking and research, I would appreciate it very much if you would call me."

He looked at me rather knowingly and as he shook my hand to say goodbye he replied, "Dutton I am pleased to hear you say that; I certainly will be glad to talk things over with you if I have any ideas for investment or changes in my securities. Also, if you have some suggestions let me hear from you. What you said hits me right. I just left another office where some young fellow has been trying to tell me that unless I listen to him, do what he says, and follow his advice I'll probably lose my shirt. I have been buying stocks since before he was born, you've been in the business for thirty years and neither one of us knows as much as he thinks he does. I think I'll let you hear from me quite often."

Although the young salesman who did it wrong should never have oversold himself to anyone, he compounded the felony by trying to sell such a fallacious idea to an experienced, conservative, investor. Don't pose as the Lord's Gift to investors — that's bad enough as it is; but also learn to judge your customer's personality, temperament, and his investment or speculative approach to investment.

Geo. Zimmerman Forms Own Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — George E. Zimmerman & Co. has been formed with offices at 618 South Spring Street to engage in a securities business. Partners are Geo. E. Zimmerman and Aileen D. Zimmerman. Mr. Zimmerman was formerly a vice-president of Revel Miller & Co., Inc.

PUBLIC UTILITY SECURITIES

BY K. HOLLISTER*

Delaware Power & Light Company

Delaware Power & Light provides electricity to most of the state of Delaware and portions of Maryland and Virginia (the Delmarva Peninsula). Gas is sold in the city of Wilmington and the surrounding area. Population in the territory rose 25%, to 681,000 during the past decade, compared with 19% for the continental United States. The state of Delaware and the city of Wilmington, which account for 65% and 45% of the total population served, each recorded 39% increases. For the coming five years prospects for further sizable increments are good. The area has benefited from construction of Memorial Bridge, which made Wilmington accessible to the New Jersey Turnpike, and the Bay Bridge, which is opening the southern half of the territory to traffic from Baltimore and the District of Columbia.

Partially as a result of the new bridges industrial expansion has been well above average. In addition, construction of the 100,000 barrel Tidewater Oil Company refinery just south of Wilmington has contributed importantly to the economic growth of the service area. Other major industrial customers include General Motors (assembly plant), duPont offices and laboratories, Colorado Fuel and Iron, Hercules Powder and Bestwall Manufacturing. In 1956 the company built a special generating station to supply the Tidewater refinery and recently announced plans to add capacity for this operation. According to management the industrial sales department is "negotiating with new or existing industrial [companies] for a greater volume of additional power applications than during any previous period in the company's history."

Electric sales account for 75% of total gross revenues (excluding refinery service). Over the past 10 years electric revenues have risen 123% compared with 108% for the electric industry as a whole. At present there is a good balance between classes of service and residential customers provide 39% of electric revenues, commercial 25%, industrial 21% and miscellaneous sales 15%. Electricity and steam provided for the Tidewater refinery account for 11% of total revenues. Residential revenues have been increasing at a slightly faster rate than those for other classes of customers, and this is expected to continue for several years to come. Based on net investment in assets, electric sales provided a 5½% earned return last year, a level close to that of recent years. On an overall basis (including gas), the earned return is just below 6% and some improvement seems likely over the coming several years as a result of the accelerating growth of the area.

Gas sales have risen 337% during the past decade reflecting the availability of natural gas subsequent to 1951. Transcontinental Gas Pipeline now delivers 23.5 million cubic feet daily and 6 million cubic feet additional of winter storage gas. Overall house-heating saturation is still a relatively low 30%, but practically all of the 3,000 plus homes (the company has a total of 55,700 gas customers) constructed in the service area each year use gas for heating. Gas is also used for boiler fuel during the summer months enabling the company to purchase its requirements at a 100% load factor. The combination of growth and minimum unit purchase cost has enabled the company to materially improve its earned return on gas sales. As the overall return is not excessive, no rate reductions seem likely. It should also be noted that Delaware is a "fair value" state and that on this basis the return earned on the gas business is about in line with similar type operations.

In 1956 the company constructed a generating plant to provide electricity and process steam to the Tidewater Oil Co. refinery at a fixed fee of 6% of the gross construction cost of the plant, plus all operating expenses, taxes and depreciation. Recently the company announced a 66,000 kw expansion to this facility and a modification of the original contract. Under the new agreement Tidewater will pay a return on the depreciated value of the two plants after 1966 (the old arrangement continues in force until 1966 on the 1956 plant) and defers Tidewater's right to purchase the plants from 1966 to 1971. These generating stations basically provide steam and power requirements for the refinery, but also contribute sizable amounts of power to the Delaware system on a dump basis. The new unit will have the same benefits and in addition will use refinery residue for low cost fuel.

Including the Tidewater requirements the company's peak load, which occurs in the summer, was 426,500 kw and this is expected to rise 11% to 473,600 kw this year. If sufficient reserve to permit maintenance work on one generating machine is added to this year's requirements, current capacity of 540,000 kw is insufficient. Under an arrangement with Philadelphia Electric the company purchases power on a firm basis, and will not have excess capacity until a 150,000 kw machine is finished at the Edgemore station in 1963.

Construction expenditures are estimated at $130 million over the coming five years of which about $60 million will be financed publicly. No more than 14 million of common stock will be required, however, to maintain the relatively conservative 33% equity ratio. Other financing will consist of mortgage bonds (about $35 million), bank loans and up to $10 million of preferred stock.

Earnings for 1960 recently were estimated by management at $1.67 compared with $1.60 for 1959. For the 12 months ended April 1960, however, earnings were $1.63 indicating the budget estimate will be exceeded unless weather conditions should be particularly adverse for the rest of the year. Over the coming three to five years, earnings should rise gradually to about $2, on shares to be then outstanding, by 1962. The current dividend of $1.14 represents a payout of 67% of estimated 1960 earnings and is about in line with past practice. Last December, the company announced a 2 for 1 split and the dividend was raised from $1.05. Selling at 39 the shares are at 23 times estimated 1960 earnings and 19.5 times possible 1962 results. The 2.9% yield is about in line with that of other utilities having comparable growth prospects.

* Substituting for Owen Ely.

Columbia Tech. Stock Offered

Diran Norman & Company Inc. (managing underwriter) in association with V. S. Wickett & Co., Inc., and Cortlandt Investing Corp., on June 30 publicly offered 100,000 shares of Columbia Technical Corp. common stock (par 10c) at $3 per share.

Columbia Technical Corp. was organized under New York State law on Feb. 28, 1950. It maintains its executive offices and manufacturing facilities at 61-02 31st Ave., Woodside, Long Island, N. Y.

The two principal facets of the company's business are the design, manufacture and sale of electronic delay lines and providing technical consultation services to, and acting as sales representative for Western European industries and others. In addition, the company manufactures protective coatings for electronic applications and has currently under development a number of other products.

The estimated proceeds to be realized by the company from the sale of the securities offered will be approximately $223,000 after payment of the underwriters' commission and expenses and of the company's own expenses of the offering, estimated to be $7,000. It is anticipated that such proceeds will be applied as follows:

(a) Approximately $25,000 for the purchase of additional test and production equipment for delay lines, including air conditioning facilities;

(b) Approximately $35,000 for the purchase of additional test and production equipment for coatings and other products;

(c) Approximately $35,000 to engage additional engineering and technical personnel for research and development;

(d) Approximately $50,000 for sales and promotion, including the employment of an electronic sales engineer and the initiation of a promotional campaign;

(e) Approximately $15,000 to cover the expenses of moving the company's facilities to larger premises; and

(f) The sum of $63,000, representing the balance of the proceeds, to be added to the general working capital of the company.

Arthurs, Lestrange To Admit Leech

PITTSBURGH, Pa.—Arthurs, Lestrange & Co., 2 Gateway Center, members of the New York and Pittsburgh Stock Exchanges, on July 14 will admit Frederick C. Leech to partnership. Mr. Leech has been associated with Moore, Leonard & Lynch as assistant manager of the municipal department.

New Hilliard Branch

COLUMBUS, Ind.—J. J. B. Hilliard & Son has opened a branch office at 619 Washington Street, under the management of James R. Stites, Jr.

Graduation Advice on Choosing a Career

By Roger W. Babson

Directly addressing high school and college graduates, Mr. Babson offers his personal advice on how to determine one's vocational bent. Moreover, he outlines broad avenues of various vocational pursuits and underscores the importance of selling in all job areas. Further, he counsels patience and other timely caveats for the job-seekers.

Now that graduates from high schools and colleges are looking for jobs, may I devote this week's column to a discussion thereof? Let me start by saying that the first step is to analyze oneself and ascertain the line of work for which one is best fitted.

Five Different Pathways

Most of today's graduates have come to a "parting of the roads" and are faced with five different paths which they may follow. (1) *The professions.* If you feel you are best suited to be a doctor, dentist, lawyer, teacher, or minister, you must go back to a college which specializes in one of these professions. I sometimes think there are enough lawyers in the country, but certainly the other groups are rendering a needed service and are being amply rewarded.

(2) *Engineering and Building.* There are many opportunities in this line provided you work in a progressive and growing community. (3) *Manufacturing.* This is the line of work which will probably confine you to spending your life with one or more large companies. If you like people and are not ambitious to be your own boss, it is well to get connected with a large manufacturing company. You, however, must be willing to go where you are sent and to obey orders. (4) *Agriculture.* At one time this meant working on a farm, but it is not so any longer. The reason is that raising both crops and livestock has become an intricate business. Those loving such work could take an additional course at an agricultural college. Every state has such a college with low tuition.

(5) *Selling and Advertising.* If you want to sit in an office and dictate to a blonde, you should not take up selling—not even selling advertising. If, however, you are willing to wear out shoe leather, ring door bells, and fight for business, selling offers you a great opportunity.

Importance of Salesmen

Salesmen have never needed a labor union in order to get higher wages or commissions. A salesman can always get well paid, according as he produces. I know a salesman who earned more money than anyone who had gone into the first four of the above mentioned lines of work. A salesman must be willing to start at an average wage; but "the sky is the limit," if he will produce. This especially applies to those who secure a position with high-grade banking houses and are able to help float important underwritings.

Another thing, all of those who choose one of the first four lines of work listed above are dependent upon the selling of their products or services. This is especially true of construction, manufacturing, and agriculture. The customer must be "sold" if he is to buy houses, merchandise, or even farm products. Truly, "the harvest is great," although the good salesmen are few. The national problem of employment and in fact the prosperity of the nation are dependent, not on the Administration or the Congressmen and Senators in Washington, but rather upon the salesmen of the nation; they control its economic destiny. Some will wonder why I did not make a special sixth division for Banking, but the successful bankers must be excellent salesmen.

Importance of Patience

When climbing a ladder, use the first rung, and climb slowly upward. Do not try to start where your parents leave off. The fun of life is in the striving, rather than in the arriving. Present starting wages in all the above five groups are good at the present time; but sometimes there will be a day of reckoning. "Trees do not grow to the sky" and prosperity does not continue forever.

I opened this week's message by referring to graduates who are meeting a "parting of the road." It may not be long, I fear, before these five paths may converge again into a temporary period of readjustment and unemployment. Then the travelers of all these pathways will be competing with one another, and surely with the hard-working intelligent people of Europe.

Doak Pharmacal Co. Common Stock Offered

Ross Securities, Inc., of New York City, on June 24 publicly offered 100,000 shares of Doak Pharmacal Co., Inc. common stock (par 10c) at $3 per share as a speculation.

The corporation is devoted to the development, acquisition, promotion and distribution of dermatological specialties for the medical profession.

After payment of the underwriters commission, the net proceeds to the corporation will be $255,000 and will be applied as follows:

Underwriter's expense allowance, $15,000; estimated expense of issue, $15,000; advertising and promotion, $150,000; on account of retirement of preferred stock with accrued interest, $6,700; on account of retirement of existing liabilities, $17,500; inventory purchase, $15,000; research program, $25,000; and working capital for general corporate purposes, $10,800. If the full issue is not sold the proceeds will be applied pro rata to the above items.

Registrar and transfer agent for the company's stock is the Colonial Trust Co., 79 Pine St., New York, N. Y.

Kelly, Kirby & Co. Formed in San Antonio

SAN ANTONIO, Tex. — Kelly, Kirby and Company, Inc. has been formed with offices in the Travis Building to engage in a securities business. Officers are William M. Kirby, President; James H. Kelly, Vice-President and Assistant Secretary; and Frank M. Kirby, Vice-President, Secretary and Assistant Treasurer. Frank M. Kirby was formerly with Rauscher, Pierce & Co., Inc. and Merrill Lynch, Pierce, Fenner & Smith, Inc.

With Bache & Co.

MINNEAPOLIS, MINN. — George Mikan, former outstanding college and professional basketball player, has become a fully-registered representative with the investment firm of Bache & Co. in their Minneapolis office, located at 420 Minneapolis Grain Exchange Bldg.

Short and Long-Term Outlook for Textile Industry

By William H. Miernyk,* *Professor of Economics and Director, Bureau of Business and Economic Research, Northeastern University, Boston, Mass.*

Economist divides his forecast of the textile industry's prospects into two parts. In one, he foresees a short-term cyclical decline setting in later this year and, in the other, he explains why moderate growth can be expected in the coming decade—a reversal of 1950's downward trend. Dr. Miernyk reviews techniques and assumptions used in his forecasts; segments his analysis for the different types of domestic and imported products; and stresses the assumption of rapid technological progress in the decade ahead which, it is hoped, will reduce the labor share of unit costs.

I

The Short-Term Outlook

For the past two years conditions in the American textile industry have been good. After approximately a decade of decline, textile production and employment began to rise in 1958. Since then prices have increased, new orders have held up remarkably well, and inventories have been maintained at a relatively low level. This has been the longest period of sustained prosperity enjoyed by the domestic textile industry since before the recession of 1947-49. The question uppermost in the minds of textile manufacturers — and their employees—is: How long will it last?

William H. Miernyk

A year ago, in an address before the South Carolina Textile Manufacturers Association, I projected a decline beginning sometime during the second half of this year.[1] A few recent straws in the wind support this early projection. Unless there is an unusual turn of events during the months immediately ahead the rate of new orders will begin to drop off, prices will edge downward, and cloth inventories will begin to accumulate. Indeed, the first break in prices can be traced back to last January when the price of 80-square cotton cloth dropped from the highest point it had reached in almost seven years. It will take time, of course, for these early signals to be received by converters, and even more time before they will be transmitted back to the mills. But by the end of this year, the cumulative downward spiral of textile production, employment and prices is expected to be clearly evident.

The forecast of a decline during the second half of this year which I made more than a year ago was based largely on an analysis of the past history of textile cycles in this country. Actually, if the simple method of averaging the length of prior cycles had been employed a downturn would have been projected much earlier. But there were indications at the time this short-term forecast was made that the current revival in textiles would last longer than the average of past textile cycles. The most important of these was that the long-term downward drift in the domestic textile industry appeared to be nearing an end. Thus, in part, it is my view that the past two years of textile prosperity have been compounded of a typical cyclical upswing plus the beginning of a change in basic trend in overall domestic textile activity.

[1] Commercial and Financial Chronicle of June 18, 1959.

Short-Term Decline Predicted This Year

Since that early forecast was made, however, additional evidence has been developed to support the view of a short-term, or cyclical, decline beginning later this year. Among the most important analytical tools used by the short-term forecast are "leading indicators." Such indicators for the textile industry have been notoriously weak in the past. One of these has been the price of 80-square print cloth. But typically this price has broken fairly close to the beginning of a downturn, and not at all soon enough to warn the industry of what might lie ahead in the immediate future. Thus it has not been a particularly useful leading indicator. For the past few months, however, one of my associates in the Bureau of Business and Economic Research at Northeastern University — Dr. Manuel Zymelman — has been experimenting with the development of other, and more general, indicators which hopefully will be of some use in predicting short-term textile fluctuations in the future. One of these is based on a statistical analysis of the relationship between production and inventories where there appears to be a rather long lead-time. Another is based on the relationship between a measure of demand, which Dr. Zymelman has developed, and textile prices. While the lead-time here is considerably shorter than that between inventories and production, this relationship is undoubtedly the more significant of the two. Much more work of this sort will have to be done to develop forecasting tools for the textile industry, but this is an important beginning. And the behavior of these indicators in recent months lends further support to the projection of a downturn sometime during the next two quarters.

It is important to stress that such forecasting techniques cannot be applied mechanically. The most important ingredient in making short-term forecasts is informed judgment. Thus forecasting is not a mechanical process, and the forecasts themselves are anything but infallible. They play a useful role, however, in providing one of the elements wihch management must consider when making plans for the immediate future.

Analysis of textile cycles can make another important contribution to management. There is a tendency, when business is good, for management to feel that it will remain good for a long time. And there is a tendency in the other direction—when business is bad—to conclude that things will steadily go from bad to worse. Management, heavily burdened with day to day decisions cannot be expected to take the historical view of those who study the industry from outside. But occasional references to the past should be of more than casual interest to management during either the rising or declining phase of the textile cycle. This is particularly important in an industry like textiles where new problems appear to crop up as rapidly as old problems are solved.

II

The Long-Term View

While it is important for textile management to be aware of the pattern of short-term fluctuations, it is equally important to take a long look at the future from time to time. Plans for capital investment, expansion, research and product development cannot be geared to the short-term outlook. As the planning horizon extends, long-term projections become increasingly important. The projections which I will discuss briefly are for the trend in textile production in the United States from 1958 to 1970. It is important to emphasize the word **trend**, because this is all that can be projected for the long-term. No one can say what the actual level of textile production in the United States will be in 1970. But by making a set of assumptions — based on the past behavoir of textile activity in the United States—and by bringing in new variables which relate to anticipated economic growth over the next decade, one can make projections of long-term trends. This is the procedure that was followed in deriving the results which I will discuss. First, however, it might be worth mentioning briefly the general assumptions upon which the projections were based. These are:

(1) That there will be no major war between now and 1970.

(2) That there will be no fundamental change in the economic organization of the United States, or in our relations with other countries.

(3) That there will be no major technological breakthrough in textiles which would revolutionize textile production. It is assumed, however, that there will be substantial increases in productivity between now and 1970.

(4) That there will be no major change in our international trade policy between now and 1970. The assumption is made that textile imports will continue to rise, but that the rate of increase will be subject to some control.

In addition, certain specific assumptions were made about textile exports, imports, per capita consumption and production per worker. These specific assumptions are based upon the actual trends from 1947 through 1957. On the basis of these assumptions, a statistical model was developed which produced the following results.

Posits Export Decline and Import Rise

Between 1947 and 1957, exports of broadwoven fabrics in the United States declined by slightly more than 41%. It is assumed that by 1970 there will be a further drop of 22%. Meanwhile, imports had gone up by 650%. The assumption for the future is that imports will continue to rise by an additional 350%. Per capita consumption, during the base period, dropped 13%. A further decline of 7% was assumed in making the projection. Finally, output per worker in the domestic textile industry rose 41% between 1947 and 1957, and a further increase of 62% by 1970 was projected.

While these assumptions are based on past trends, they are not simple extrapolation of those trends. For example, much of the decline in per capita consumption during the base period resulted from a drop in the industrial uses of textile mill products. While this is likely to continue, it will do so at a significantly lower rate in the future than in the past since the substitutions that could most easily be made have already taken place. And the textile industry is making an effort to recapture at least part of the industrial market which it has lost to paper, plastics and light metals.

With respect to the international market for textile mill products, it seems entirely reasonable to anticipate a further drop in exports both in absolute and relative terms. Also, events of the past few years clearly reveal that Congress and the Administration are faced with steadily mounting pressure for regulation of imports. This does not mean, as some have evidently assumed, that we will become a "protectionist" nation. Any realistic appraisal of the international situation must reveal that we will continue to import a growing volume of goods. But the trend toward greater freedom of trade also appears to have been halted. We seem to be moving into an era when trading relationships will depend more and more upon negotiations. While there will be pressures from domestic industries to stem the flow of foreign goods into our market, there will be counter-pressures at work to increase this flow. These pressures cannot be quantified in any simple way, but one can try to strike some reasonable balance after taking them into account. Thus while I have assumed a substantial increase in the physical volume of imports between now and 1970, the rate of increase—since it is measured from a higher base —will tend to decline.

Says Assumptions Are Realistic

There are some who might argue that the assumptions behind these projections are entirely too pessimistic from the textile industry's point of view. But I have tried to be realistic in making them rather than adopting any one's point of view. It is unfortunately necessary to emphasize one other point. When making projections — whether long or short-term—one does not project what he wants to see happen, but what analysis leads him to expect will happen. After these assumptions and the statistical analysis have been made, what are the results?

For cotton broadwoven fabrics, the projection shows an increase from about 9.5 billion linear yards in 1957 to about 10.3 billion linear yards in 1970—a gain of almost 8%. For man-made fabrics, the increase projected is from about 2.3 billion linear yards to 2.7 billion linear yards, or a gain of 19%. For woolen and worsted fabrics, a slight decline from 288 million linear yards in 1957 to 282 million linear yards in 1970 was projected. This represents an anticipated decline of about 2.2%. Domestic consumption is expected to rise during this period, but the bulk of this increase in demand will be satisfied by shipments from abroad.

Given the relatively pessimistic assumptions regarding exports, imports and per capita consumption, one might well ask: Why do you anticipate an increase in overall demand for domestic textile products? The answer to this is that we expect a decade of rapid economic growth in this country between now and 1970. Conservatively, population will grow by 25%. And there will be corresponding increases in income both on a total and per capita basis. These are the variables that will lead to a marked increase in the demand for textile mill products. Total domestic textile consumption is expected to increase by more than 15% as a result of the growth in population and income. Thus the long-term outlook for the domestic textile industry is for one of growth during the next decade, or a reversal of the downward trend of the 1950's.

Summary and Conclusions

I have tried to discuss, albeit briefly, both the short-term and the long-term outlook for the domestic textile industry. A cyclical decline in textile production appears to be imminent. At the same time, the prospects are that there will be moderate growth in domestic textile production during the years ahead. The short-term decline, when it comes, will not last long. It will, of course, come as a jolt to the industry which has been enjoying its first respite from a decade of decline. It will be important, however, for mill managements to recognize the nature of the cyclical decline when it comes, and not to confuse it with the earlier secular trend.

There is one important assumption underlying the long-term projections just summarized which I have reserved for discussion until the end of this presentation because it seems particularly appropriate to emphasize it now. This is the assumption that there will be rapid technological progress in the textile industry during the coming decade. I would like to stress that I do not assume any major breakthrough — such as fully automated textile operations. But there will be many important technological developments which will increase productivity, and which will lead to the development of new fabrics and constructions—some of which no one has thought of as yet. Rapid technological change, and continuous modernization within the industry, are essential if the growth which has been projected is to be realized. In the face of growing competition from abroad, the domestic textile industry will be forced to steadily reduce its relative costs.

The textile industry is one of our most labor-intensive industries, and it is lower labor costs in foreign countries which make this industry particularly vulnerable to competition from abroad. As output per worker increases, however, the labor content of each yard of cloth will diminish. While we may expect some narrowing of the gap between textile wages in other countries and the United States during the next 10 years, it is almost certain that there will still be a substantial gap by 1970. But if during the next 10 years, technological developments sharply reduce the labor content of textile production, the gap in total costs can be narrowed substantially. And this in the final analysis is what counts in international competition.

If these trends are realized it will mean, of course, a drop in domestic textile employment. On the basis of the assumptions which have been made, total textile employment in the United States is expected to decline by about one-fourth between now and 1970, while employment in the broadwoven segment of the industry will drop by almost one-third. We know that the sharp decline in textile production during the 1950's led to a great deal of hardship. Hopefully, however, the future decline in textile employment — which will stem largely from technological change — will be slower, and will be much less painful than the decline of the past. This will be the case if the adoption of new machinery can be geared to the normal turnover of factory labor. It cannot be entirely a painless process, but by anticipating the changes that will have to be made the industry can do much to cushion the effects of the drop in employment which is expected even if there is a moderate rise in overall production during the coming decade.

*A paper presented by Dr. Miernyk to the Wernertex Seminar at the Atlantic City Textile Machinery Exhibition, Atlantic City, N. J.

Southern Inv. Service

BIRMINGHAM, ALA.—Southern Investment Services Inc. has been formed with offices in the Massey Building to engage in a securities business. Officers are Bascom H. Hopson, President and Secretary; Paul H. Augspach, Vice-President and Treasurer; and William B. Armstrong, Vice-President.

THE SECURITY I LIKE BEST...

Continued from page 2

course, to tell what their business will be for the year, since a large part of their sales are made in the late summer and fall for Christmas delivery. However, the management has recently stated that they feel they can show a sales increase in 1960, and to date, according to reports from the Toy Fair recently held in New York, results have been promising.

For the future, the company has an excellent chance of jumping to a new plateau of sales. Having a cash inflow of substantial proportions, and retaining a large part of earnings will enable the introduction of new products at a much better rate. Instead of being strapped for funds, as has generally been the case, Milton Bradley is now in a position to grow from reinvesting the earnings which are flowing in. An aggressive approach to foreign markets could be one step that might further increase earnings.

Financial

At present, the dividend rate is 25 cents quarterly, but some increase should certainly take place in 1960. It is possible that the company will have less need for capital equipment in 1960, but if business is strong, it may accelerate their plans to build a new plant on land already acquired in the Springfield area. Currently, the plant is in a multi-story downtown building, where space is at a premium. A move to a truly modern plant would be a big help to the gross profit margin.

Capitalization is a debt of $1,-250,000, a small issue of preferred stock, and 106,000 shares of common stock. The stock is traded in the Over-the-Counter Market.

WELLS McTAGGART

Vice-President, First California Co. San Francisco, Calif.

Lynch Communications Systems, Inc.

For investors interested in moderate speculation in small, well-managed, non-military electronics companies that have good prospects of becoming bigger, the common stock of Lynch Communications Systems Inc. is the security I like best.

Wells McTaggart

The company is well established as a manufacturer of advanced telephone communication equipment, and appears to have an excellent future in the field of electronic communication techniques as related to industrial automation and advanced business systems.

The increasing ability of electronic accounting systems to handle large volumes of data is creating an urgent need for communication facilities that will transmit data from a wide area to a central point. Radical electronic developments have made feasible the supervision, control, and automation of many types of equipment installations such as oil and gas pipelines, public utility systems, etc. Such automation over wide areas involves advanced communication techniques.

The flexibility, capacity and cost of microwave channels makes them practical solutions for most communications problems. A microwave channel consists of very high frequency radio signals directionally broadcast from relatively small transmitting and receiving antennas mounted on a series of towers across the country. Such towers have already become a familiar feature of our landscape and have replaced the conventional "line" for most new long distance telephone installations in recent years.

A microwave system is capable of carrying up to 600 voice communications simultaneously and a much larger volume of coded data (both voice and code may be carried simultaneously). Microwave is the ideal solution to the gathering of data from a wide area to a central point for integration into advanced business systems. The same facilities can be used for monitoring or supervision of equipment installations and their remote control, i. e., a microwave link with a producing gas well could (i) report on pressures and flow for accounting and operating purposes (ii) regulate the flow of gas (iii) report on malfunctioning of equipment (iv) channel pressure and flow data from a series of wells into a computer which would determine and automatically put into operation the most efficient means of maintaining pipeline pressures at various levels of throughput, and (v) serve as a normal voice communication link when desired with the central operating office. These features would be of particular significance to the development and operation of large off-shore oil and gas fields. This is just one of hundreds of potential uses in the oil, gas, railroad, public utility and other industries.

Microwave systems involve a form of radio broadcasting and as such are subject to licensing by the Federal Communications Commission. A long awaited policy decision by the FCC last year has resulted in a rapid upsurge of installations of microwave facilities by private users for improved communications, automation of public utility and oil and gas pipeline installations, etc. Microwave facilities may now be installed under license from the FCC without the former common carrier requirement.

Lynch Communications Systems Inc. has an established position in the communications industry, and its research program is taking the company into the exciting new field of automation, data transmission and telemetering.

Sales, largely through Graybar Electric Company, have grown from $1,352,000 in 1955 to $2,642,-000 in 1959 (fiscal years Aug. 31), mainly in the manufacture of "carrier" systems for the telephone industry. The company's standard line of carrier systems, such as the B500 and B510, enable a single line circuit to carry as many as 16 voice communications simultaneously over long distances. More advanced carrier systems, such as the Types B630 and B640 FM carriers, enable the company to offer voice channeling equipment at higher frequencies at a lower cost per voice circuit.

As mentioned above, the telephone industry has come to utilize microwave facilities to a substantial extent because of the inherent flexibility of installation, economy, and higher capacity of such systems. This has taken Lynch into the microwave field. The company for several years has been engaged in the manufacture of advanced carrier (multiplex) units for telephone and other commercial use of microwave. In the near future, the company will introduce a transistorized multiplex specifically designed for microwave systems which should enhance further its market position. The dollar value of the multiplex equipment in a microwave system amounts to at least 50% of the electronic gear involved so that the mushrooming growth of commercial use of microwave is greatly expanding the market potential for Lynch equipment.

Research expenditures have averaged about 9% of sales and are expected to be about $280,000 during the fiscal year ended Aug. 31, 1960. Several promising new developments are underway, but the most interesting new product about to be formally introduced to the trade is an electronic scanning type control switch. This device, which is a fully transistorized electronic system, has been specifically designed for use in the remote control and supervision of telephone, electric, gas or pipeline installations. It is capable of scanning and controlling up to 36 separate functions in a time cycle as short as 75/100ths of a second. It can be set to operate on a predetermined basis one or more such functions in any order desired. The same system can be utilized to monitor equipment installations. As an electronic device utilizing transistors, etc., the system is of much smaller size physically, and has far greater speed and reliability of operation than present day "primitive" electro-mechanical systems involving relay switches, etc.

The system is of modular design so that if additional functions are required to be supervised or controlled, a series of systems can be installed. The electronic scanning switch has already been successfully installed at several locations for a major West Coast utility and has also been selected for installation on NATO radar facilities in Western Europe. Orders and sales to date have been completely unsolicited as the company is ironing out production and engineering installation problems before a formal release to the electronics industry. An interesting feature about the new equipment is that it is complementary to Lynch's present line of equipment. The electronic scanning switch can be readily adapted to a wire line circuit facility or a microwave channel. Theoretically, this equipment is capable of installation by stages to the point where an entire electric utility grid could be supervised and operated automatically, with operating data being channeled through a computer which would determine and maintain in operation the most efficient use of the system.

In the past, sales of Lynch Communications have been a function of the growth of the independent telephone industry and as such have reflected its growth. The scope for promotional sales effort has been somewhat limited as the operating engineer of a telephone company is usually in a position to determine for himself the type and amount of new equipment required. New products coming from Lynch's research division, such as the electronic scanner, lend themselves readily to a dynamic sales promotional program and will also stimulate the sale of present equipment.

A substantial portion of Research expenditures are capitalized in view of the standardized nature of telephone equipment. (There is still a demand for equipment designed when the company was founded in 1945.) Last year, research expenditures capitalized amounted to $227,000, and amortization of prior research expenditures totaled $51,000. On this basis profit margins (before tax) have been consistently maintained in excess of 20% of sales. Last year, the profit margin fell slightly below this level as a result of increased expenditures in the development of technical sales ability related chiefly to new products. This program should lay the basis for a more dynamic expansion of sales in the future.

The financial condition of the company is strong. As of Feb. 29, 1960, cash totaled $245,000, and current liabilities $278,000. Current assets totaled $1,387,000 and long-term debt $187,000.

As a result of public financing in 1954 and 1956, there were as of Aug. 31, 1959, 24,787 warrants outstanding to purchase 25,-513 shares at $3.75 per share until May 31, 1962, and 26,130 warrants to purchase 26,829 shares at $7 per share until Sept. 1, 1961, and thereafter to Sept. 1, 1966 at $8.50 per share. There are options on 45,000 shares authorized under a restricted stock option plan for employees of which 15,000 have been granted at an option price of 15⅜. There were 316,825 shares outstanding as of Feb. 2, 1960.

Net income has increased from $136,000 in the fiscal year ended Aug. 31, 1956 to $234,000 in fiscal 1959. Reported earnings per share were 63 cents in 1955 (216,140 shares) and 76 cents in 1959 (307,-654 shares). It is estimated 1960 earnings will be in excess of $285,000, equivalent to about 90 cents per share on the 316,825 shares currently outstanding. The company pays a regular quarterly dividend of 10 cents per share.

The common stock is currently at about the $12 level, Over-the-Counter Market, equivalent to about 17 times 1960 estimated earnings of 77 cents per share, assuming the exercise of all warrants (14.5 times basis shares currently outstanding). This appears quite reasonable in today's market for stock of an electronics company entirely free from the uncertainties of military electronics, in good financial condition and which has an interesting potential in the increasingly dynamic communications industry.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The Government in borrowing $3,-500,000,000 of new money will use $500,000,000 of this to retire a like amount of the 12-month Treasury bills coming due on July 15. The reduction in the size of the July 15 Treasury bills is evidently a continuation of the policy to cut down selected maturities. The offering of 252-day tax anticipation bills, which can be paid for through the tax and loan account of member banks, was in line with the financial district's ideas even though there was more than a passing amount of opinion that an intermediate-term issue would be part of this new money raising operation.

The Treasury, through the use of a near-term discount obligation, one in which the rate is set by the buyer, tailored its first new money venture of the current fiscal period to the prevailing money market conditions, since the demand for short-term liquid issues is still as sizable as ever.

Lower Treasury Borrowing in Prospect

The modest budget surplus of the fiscal year just ended, along with the prediction that borrowing by the Treasury in the coming six months will be in the neighborhood of $6,500,000,000 instead of $10,500,000,000, as well as no intermediate-term issues in the new money raising, appear to have had a bolstering effect on the money and capital markets. The announcement that the Government will not have to obtain as much new money in the period from July to December as had been looked for is being taken as a favorable factor by most money market specialists. There is no question but what less frequent trips of the Government to the money and capital markets should give non-Federal borrowers a better opportunity to obtain needed funds at rates that could be more favorable. In addition, it will be possible for the market in Government issues to digest the new money offerings and refunding obligations which are being floated.

The current new money venture of $3,500,000,000 means that the Treasury will be out of the new funds sector until sometime in early October and the amount which will have to be raised at that time will depend in some measure on the trend of economic conditions and the position of the budget.

Business Trend Key to Rate Trend

The business pattern is in for a growing amount of attention and will continue to be watched very closely because the way in which it moves will determine the course of the money and capital markets and the level of interest rates. It is evident that further deterioration in economic conditions will bring about easier money and credit and this could mean, not only another cut in the Central Bank rate, but also a reduction in the prime bank rate. The latter cannot hold out indefinitely against an easing trend in money and credit conditions.

On the other hand, a turnabout in business conditions would eventually result in a lessening in the ease in the money and capital markets even though an abrupt change should not be expected unless the forces of inflation should suddenly become rampant. There are strong opinions around that enlarged expenditures for defense purposes and an unbalanced budget would again set in motion the forces of inflation. And there is very little question but what this would be counteracted by higher interest rates and tighter money and credit conditions.

Accordingly, it appears as though the action which will take place in the money and capital markets will be determined in a very large measure by the future course of the economy.

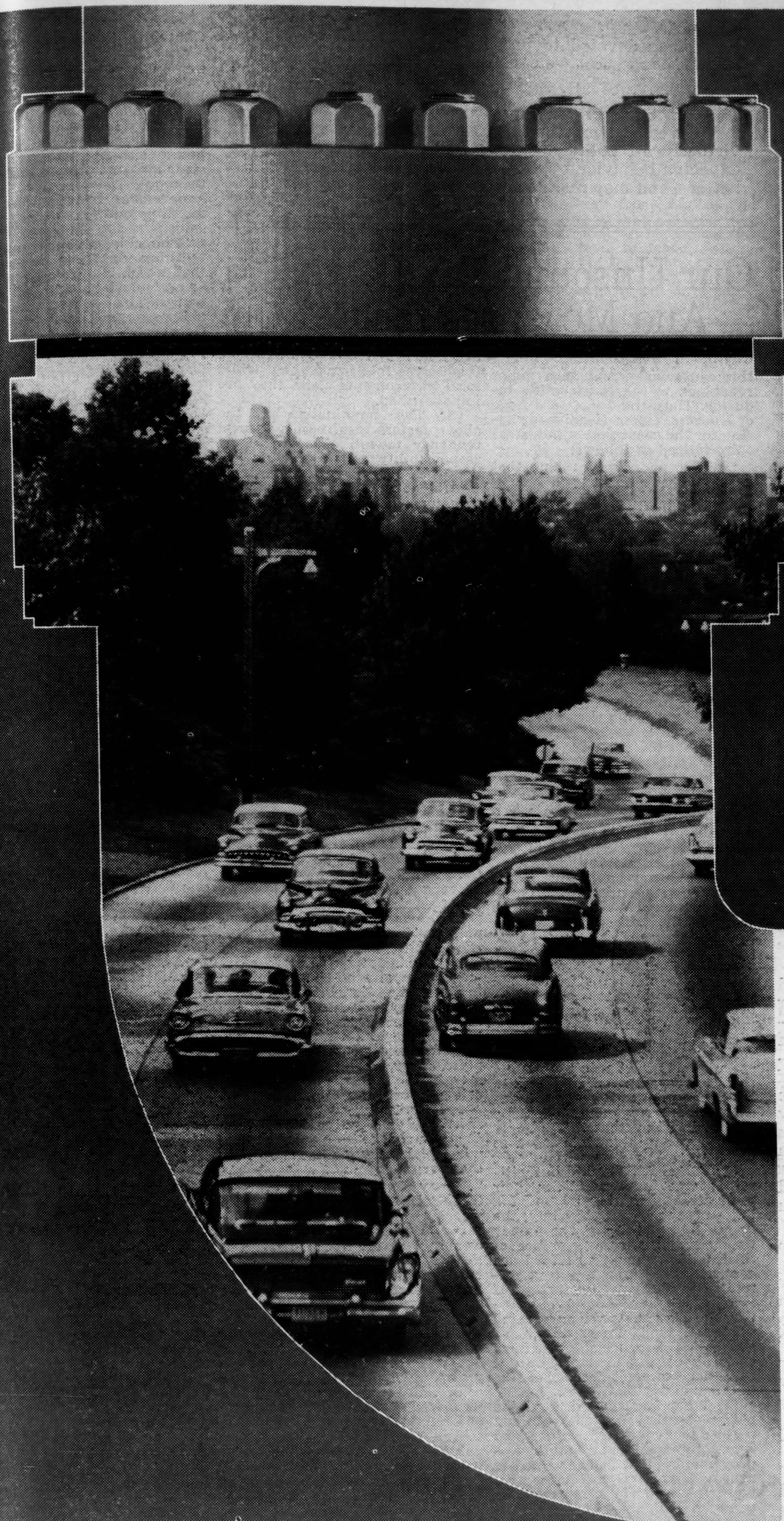
Long Bond Prices Stabilized

The return which is available in long-term Governments is not competitive with non-Federal bonds but, in spite of this, there is an enlarging demand from state pension funds for some of the longest Treasury issues. To be sure, these purchases of Government bonds are not sizable enough to turn the tide on the upside as far as quotations are concerned, but they do have a real stabilizing influence on prices from time to time. This condition is quite likely to be the case for sometime yet.

The paying off of $500,000,000 of the 12-month Treasury bill due on July 15 could mean that the other maturities of this obligation will also be cut down to the $1,-500,000,000 limit, so that the roll-over will be easier to accomplish. The one-year bill on a discount basis has a very definite place in our money market scheme of things.

To Be V.-P. of A. M. Kidder

On July 14, Louis V. Henston will acquire a membership in the New York Stock Exchange, and will become a vice-president of A. M. Kidder & Co., Inc., 1 Wall Street, New York City, members of the New York Stock Exchange and other leading Exchanges.



AS WE SEE IT

Continued from page 1

matters in the same general category are what is troubling the minds of the politicians with voting time coming up. On most of these there has been a fairly definite division between the Administration and the majority in Congress. But neither the wishes of the so-called Liberals in Congress nor of the Administration are of a nature to bring encouragement to the thoughtful student of public affairs. The recent passage over a Presidential veto of legislation, obviously hasty and ill-considered, does not suggest that Congress once again in session after the political conventions is likely to proceed in a way to serve the public interest.

These measures, or some of them, are the ones which Congress has so far feared either to pass or to defeat in any of the forms now before it—afraid not because it is believed that the public welfare would or would not be served, but because of the possible repercussions next November. With voting time getting nearer and nearer rather receding into the distance, it may be taken for granted that what is regarded as the most popular among voters, and not what may be of abiding value to the people will be more than ever in the forefront of minds of the lawmakers—and quite possibly in the thoughts of the Republican candidate who apparently will be presiding over the Senate.

Neglected Problems

But think of all the matters with which Congress might have been occupying itself, and which now could be largely ready to be taken to the statute books after the conventions and thus lay a solid basis for voter confidence! First, perhaps in importance is the matter of taxes. Candidate Nixon went on record the other day with a statement to the effect that the Federal tax law needs a complete overhauling. Of course, it does, although we must say in all candor that the Vice-President did not make it clear just in what way or in what direction he would change it. But whatever Mr. Nixon may think about it, the personal income tax law of the nation cries to heaven for drastic change. And the most urgent change of all has little or nothing to do with all those technicalities which are always difficult and time consuming in revision. If Congress, with or without the approval of the Administration had been giving this basic requirement the thought it deserves, it would be easy enough after the conventions are over to pass a law which would do more than almost anything else we can think of to encourage business and to insure the "growth" in the years ahead about which we hear so much these days.

The fact is that were members of Congress of a mind to do so, they could go a long way toward the framing and adoption of a much better tax law after the conventions in any event. What is most urgently needed, of course, is a vigorous reduction in the degree of progressiveness in the rate structure. We can not think of a single good reason why the rates on individual income should run up to more than 90%. Neither can we find any justification for many of the other rates on lower brackets which rob individuals of incentive to do all that is within their power to increase their own and the country's wealth. But, of course, there is virtually no likelihood at all that Congress once again in Washington will even consider such matters.

Nor has Congress shown the slightest disposition to tackle any of the other major problems by which the country is faced—major problems which must somehow find a solution if the country is ever to go forward in the future as it has in the past. And not having done so when there was more leisure and more breathing space before elections, it is all but certain that no one of substantial influence will so much as mention them in any of the sessions after the conventions are over and the day of voting is approaching. The multiplicity of functions, which no government has any business undertaking, and the vast outlay on employees and all the rest to perform them—such matters as these are traditionally not good pre-election subjects. The fact is that what we must expect from the national legislature later in the year is simply more of what we have been seeing during the past six months.

Yet we cannot quite suppress the suspicion that under proper leadership—good, hard programs of the sort that would have appealed to our fathers might well be excellent politics—that is be well received by the voters and rewarded by them. Of course, to start out upon any such course at the eleventh hour when all the previous hours have been devoted to just the opposite may be another matter. As to that we can only say with the poet:

> ". . . of all sad words of tongue or pen
> The saddest are these: 'It might have been.' "

Given the existing temper in Congress and among virtually all politicians, we hardly see where this unexpected behavior by Congress changes anything for the better—and may make matters much worse.

Our Unsound Tax Laws And Measures for Reform

Continued from page 13

this cause and stand as a major roadblock to the construction industry. Thus, the June, 1958 issue of *House & Home* (leading magazine for the construction industry) editorialized as follows:

"It just plain is not true that land for home building is getting scarce. What is true is that land speculators are making land scarce by holding millions of acres off the market to get higher prices (or pricing those acres out of today's market, which is the same thing in different words) . . .

"The one best way to stop land price inflation and perhaps squeeze out some of the past inflation is to get together and fight to put more of the tax load on land and less of the tax load on improvements. This shift might make it too costly for speculators to hold good home sites idle hoping to squeeze us for still higher prices later on.

"Higher taxes on land would hurt no one but the land speculators. Higher taxes on land would permit lower taxes on houses and other improvements. Higher taxes on land are the only taxes that would stimulate production instead of discouraging it.

"Our industry has to live closer to the land speculator than any other industry. We have a closer view of the harm land speculation is doing our economy, so we should be first to tell the tax planners and the tax collectors that higher land taxes are the one way to raise more revenue without hurting anyone except our public enemy No. 1."

Of course, the real culprit—our real public enemy—is not the land speculator but rather a tax system that encourages speculation in land. The public as a whole is responsible for its own misfortune by not insisting that the publicly created value of land be used as the source of public revenue.

(3) When we deprive our citizens of the full reward for their productive activities by levying taxes on the things they buy, the homes they build, and the money they earn, a growing number of them will be unable to afford decent housing. Slums are an inevitable result. By taking taxes off income, sales, and houses and putting them on the publicly created value of land, lower income groups will be more able to afford decent housing, and slumlords will be obliged to erect decent housing in order to pay their taxes.

(4) When governments have the power—as they do today—to tax privately created values and spend the money on public improvements that add value to nearby land, it is inevitable that powerful lobbies representing these landholders will exert pressure to pass pork barrel legislation. On the state and Federal levels these lobbies strive to increase government spending for highways, dams, schools, etc., because no state or Federal revenue comes from taxes on land. Locally these lobbies are engaged in holding down property taxes which fall on their lands while boosting sales taxes and any other taxes that will substitute for taxes on their landholdings. The result is an inherent tendency for the state and Federal governments to spend themselves into bankruptcy while local governments claim they are impoverished.

(5) The combination of the above factors results in a natural tendency toward a loss of local responsibility and a growing dependence of local governments on central government—a trend that threatens the survival of free institutions as our forefathers knew them.

Criticizes Educational System That Ignores Henry George

The peculiar nature of land value and its suitability as a source of public revenue has been recognized by many economists during the past 200 years. Adam Smith distinguished between *ground rent* and *ordinary rent* for the use of improvements. He said ground rent was a superior source of public revenue because taxes obtained from this source had no harmful effect on enterprise. John Stuart Mill referred to the rising value of land resulting from the growth of a community as an "unearned increment" if allowed to remain in the hands of landholders.

During the last half of the 19th Century, several scholars — each independently of the others—discovered this natural source of government revenue—this fund of publicly created value that makes it possible to have a burdenless tax system. But the man who did more than any other before him to clarify the distinctive nature of land value, and who thereby incurred the wrath of powerful landholding interests, was the United States economist and social philosopher, Henry George. No man in the last 100 years has received more abuse and been so grossly misrepresented. Yet he succeeded in winning the acclaim of statesmen, philosophers, economists, and leading citizens all over the world.

Henry George was a man of intense faith. He firmly believed in a moral order and in the beneficence of natural laws. He saw clearly that the value of land is the natural source of public revenue because not only is it a publicly created value over and above all privately created values *but it grows as the need for public revenue grows*. And he realized the awful truth that because the value of land grows as each community grows, a blight will fall on any community in direct proportion to its refusal to obey natural law by obtaining its revenue from this source. He saw that to the extent publicly created values are privately pocketed, a relatively few landholders become wealthy while the vast majority of people are kept relatively poor under a crushing burden of direct and indirect taxes on their productive activity. He saw that if a government robs the people of the fruit of their efforts while at the same time giving a favored few values to which they are not entitled, the moral fibre of both groups will be destroyed. The basic principles so ably espoused by Henry George have been endorsed by Leo Tolstoy, Woodrow Wilson, David Lloyd George, Henry Ford, John Dewey, Albert Einstein, Winston Churchill, Theodore Roosevelt, Albert Jay Nock, Rabbi Stephen S. Wise, Sun Yat Sen, Louis D. Brandeis, Clarence Darrow, Irving Fisher, John R. Commons, Samuel Gompers, and many others. But the sad fact is that few high school or college graduates have heard either of him or of the clear and just principles he sought to popularize — *principles which have never been refuted*. Commenting on this neglect, Tolstoy said:

"The chief weapon against the teaching of Henry George was that which is always used against irrefutable and self-evident truths. This method, which is still being applied in relation to George, was that of hushing up."

Economists' Views Yesterday And Currently

Largely as a result of Henry George's influence on economic thought, the American Economic Association had a round table discussion of land value taxation at its annual meeting in 1907. The final canvass of opinion showed that an overwhelming majority of those present agreed on the soundness of the following three propositions:

(1) The site value of land is a creation of the community, not a creation of the landholder.

(2) A tax levied on the site value of land cannot be shifted nor recovered from the tenant by raising his rent.

(3) A tax levied on the site value of land is burdenless. The community, in taxing site value, is merely recovering a value it has created.

That was over 50 years ago. Recently, Dr. Glenn E. Hoover, past President of the Pacific Coast Economic Association, observed that most economists today maintain the same position.

Many prominent statesmen during and after Henry George's life recognized the validity of his teaching. Notable among these were Winston Chrurchill and Theodore Roosevelt. Mr. Churchill gave two brilliant speeches attacking land monopoly — one in the House of Commons, the other in Edinburgh. In the Edinburgh speech, Churchill said:

"I hope you will undestand that, when I speak of the land monopolist, I am dealing more with the process than with the individual landowner. I have no wish to hold any class up to public disapprobation. I do not think that the man who makes money by unearned increment in land is morally a worse man than anyone else who gathers his profit where he finds it in this hard world under the law and according to common usage. It is not the individual I attack, it is the system. It is not the man who is bad, it is the law which is bad. It is not the man who is blameworthy for doing what the law allows and what other men do; it is the State which would be blameworthy were it not to endeavour to reform the law and correct the practice. We do not want to punish the landlord. We want to alter the law."

Churchill never retracted any of these statements. Quite to the contrary, they were verified and confirmed by inclusion in a volume, "Liberalism and the Social Problem," which he later made public. In the preface to that work he wrote:

"The opinions and arguments are unaltered and hereby confirmed, and I press them earnestly and insistently upon the public."

Taunted recently in the House of Commons with once having "sung the land song," he retorted, "I shall sing it again."

Theodore Roosevelt, in a speech delivered Aug. 6, 1912, showed his grasp of the subject:

"Alaska should be developed at once, but in the interest of the actual settler. The government should keep the fee of all of the

coal fields and allow them to be operated by lessees, with the condition in the lease that nonuse shall operate as a forfeit. Moreover, it would be well in Alaska to try a system of land taxation which will, so far as possible, remove all the burdens from those who actually use the land, whether for building or for agricultural purposes, and will operate against any man who holds the land for speculation or derives an income from it based, not on his own exertions, but on the increase in value due to activities not his own."

"Why," one may ask, "hasn't the world made better use of sound tax principles if economists and leading statesmen have recognized their validity?"

Local governments in the United States—through the property tax—have made some use of land value as a source of revenue. But there has been a great change since World War I. The percentage of total public revenues coming from land has steadily declined since that time — partly because of the burdensomeness of that part of the property tax that falls on improvements and personal property, and partly because of the enormous political influence of landed interests which always look to the state and Federal governments or to local nonproperty taxes for substitute funds that should be raised by local taxes on the rental value of land.

Countries That Are Taxing Land

Some areas of the world, notably Australia, New Zealand, and Denmark, have made good use of sound tax principles by perfecting the property tax. Instead of allowing this tax to fall on both land and improvements, they have removed, or are in the process of removing, all taxes on improvements and putting the full burden of this tax on land, where it belongs. The resulting stimulus to the construction industry is always apparent. Higher taxes on land induce land speculators to sell their idle holdings, thus making land available to builders. The removal of taxes from buildings obviously encourages construction.

But although these countries have made progress in the right direction by removing taxes on improvements, they still have a long way to go. There are still many taxes falling on privately created values while an enormous amount of publicly created land value remains in private hands. *The high price of bare land is proof of this fact.*

Progress in the direction of a completely sound revenue system will follow readily once the public thoroughly understands the subject. The reason the public doesn't understand taxation is that the basic principles have been woefully misrepresented by powerful privileged interests. For example, it is claimed these principles threaten our system of private property. Exactly the opposite is true. These principles assert an absolute, unqualified property right in all that a man's enterprise, ingenuity and exertion enable him to produce. If you build a house, or raise a herd of cattle, or work for a weekly pay check, it should be yours completely and absolutely. Your ownership should not be required to meet any conditions imposed by a tax collector. There should be no income tax, no corporation tax, no tax on buildings or machinery, no tax on trade, no sales tax. As Henry George puts it:

"Instead of weakening and confusing the idea of property, I would surround it with stronger sanctions. Instead of lessening the incentive to the production of wealth, I would make it more powerful by making the reward more certain. . . . No matter how many millions any man can get by methods which do not involve the robbery of others — they are his; let him have them."

Taxed Property Is Not Private Property

Another bogeyman is the question of who would own the land if all revenue came from land values. Here again some have become confused over the meaning of private property. To the extent that property is taxed, it ceases to be private. What a man creates or earns can be considered as truly private property only if it is his to do with as he sees fit —free of any taxes levied upon it. Private property must therefore be understood as *property that is not subject to taxation.* Since taxes should fall solely on publicly created land values, it is correct to say that land should not be classified as private property in this sense. But bear in mind we do not have this kind of private property in land today, nor do we have private property in anything! Taxes fall on our land, our homes, our incomes, our purchases, our inheritances. That's just what we should object to. Public revenue should come solely from the publicly created value of land. We should hold as private property, *tax free,* all privately created values. How else can we encourage the production of wealth?! Let our land — which should be looked upon as our common heritage—continue to be *privately held,* but require each landholder to pay into the public treasury the publicly created rental value of the land he holds. Justice demands no less. Then, and then only, will it be possible to protect privately created values by freeing them of taxes.

Sees It Lessening Government Power

The question is sometimes asked: Doesn't land value taxation place too much power in the hands of government? No. It has the opposite effect. Modern governments are dangerous because we have given them the power to take privately created values away from us. When we allow our governments to deprive us of the fruits of our labors, we impair our ability to fend for ourselves. Many of us are forced to become wards of the state. The only effective way to limit the power of government and to make certain it remains our servant is to deny it the power to deprive a man of the fruit of his effort. We should compel all levels of government to live within their legitimate income, the publicly created value of land, the amount people are willing to pay for exclusive use of the land they hold. Governments are not entitled to more than this. And it is particularly wrong for any government to deprive any citizen of privately created values — which is now being done on a grand scale — as long as a single dollar of publicly created value remains in private hands.

Curiously enough, the reverse of the above question is sometimes used an argument against sound tax reform. It is claimed that the proposed system of taxation would weaken the government unduly and place it in the embarrassing position of being unable to make both ends meet. There are several answers to this. First, if our governments no longer took from us the values we create as individuals, we would no longer have to be taken care of by our government to the extent we are today. Second, when we secure public revenue from the proper source, we have less "pork barrel" legislation. Landholders become watchdogs of the public purse rather than pressure groups asking for more spending for highways, dams, and irrigation projects that will increase the value of their landholdings without their having to pay for it. Third, when taxes are removed from improvements or other privately created values, the demand for land naturally increases. People will pay more for the exclusive use of land which they can improve without being taxed for the improvement. Thus the public revenue from land values rises as other taxes are removed.

It may still be argued, however, that our various levels of government may want more income than they can get from the annual rental value of land. Maybe they will. But that is no excuse for allowing them to leave a large part of their legitimate revenue in private hands today. If, after our tax system is put on a sound basis, our governments still do not have sufficient revenue to make both ends meet, then there is reason to believe we should cut down the size of our government. We must resist the attempt of governments to confiscate privately created values. There is no other way to respect the right to private property—the foundation of our free enterprise system.

Claims Landowner Would Be Freer Than He Is Today

Another common misunderstanding is that somehow a thorough going system of land value taxation would mean that the government rather than private individuals would have the power to allocate sites as a consequence of which we would all be subservient to the government. But that is not the case. It would still be up to the market place to determine the use to which land is put. There would still be a free market in land. Titles to land would still be exchanged —but at greatly reduced prices. Each landholder would be just as free as he is today to put his land to its best use. As a matter of fact, he would be much more free than he is today because the amount of taxes he pays will be independent of the improvements he puts on his land. He will no longer be taxed for improving his land.

Some landholders misjudge the effect of tax reform. They don't realize how much they stand to gain from a sound tax system. The higher taxes we would pay on the land we hold would be more than offset by the elimination of taxes on improvements and personal property, of income and sales taxes, and the huge burden of indirect taxes hidden in the price of goods and services purchased. The only sufferers from this reform will be the relatively few speculators in underdeveloped land or those whose income comes primarily from ground rent rather than from the rendering of a useful service to society. Surely it should not be difficult for those who wish to preserve our free enterprise system to decide whether or not we should continue protecting the special interests of this small segment of the population at the expense of everyone who is engaged in useful productive activity. Surely we have the wisdom to stop this senseless taxation of privately created values when there is an ample supply of publicly created value that can be used to support our local, state, and Federal governments.

Another stumbling block that prevents some people from accepting sound tax reform is their belief that if taxes on the value of land are increased, a landholder who has invested in land so as to have the privilege of pocketing funds obtained by leasing the land to others should be compensated by the government when he loses this privilege. But why should anybody be compensated just because the government changes its source of revenue? Was anybody compensated when the income tax was put into effect? Of course not. The whole idea of compensation is absurd. All taxation, no matter where it falls, involves the confiscation of value. No matter where the government gets its revenue, confiscation of value takes place. The government takes values that are privately held and puts them to use for public purposes. It is absurd, therefore, to compensate the landholder just because taxes on the publicly created value of his land are increased. As a matter of fact, if anybody deserves compensation, it is all those who have been robbed of their privately created values under the existing tax system, not those who have been permitted to pocket the publicly created value of land all these years. But if we are wise, we will not try to correct past injustices. We will simply insist that justice be done from now on.

Finds Single Tax to Be Most Equitable

Another variation of the above argument is the claim that it would be wrong to obtain all public revenue from landholders when a large number of citizens have no land. But those who have no land are paying ground rent to those who do. In other words landless people provide landholders with the money to pay taxes falling on their land. And if we bear in mind the essential difference between publicly created and privately created values, we are forced to the conclusion that taxes on the publicly created rental value of land are the only taxes that are absolutely equitable to all citizens. This is so because the annual rental value of land, being a publicly created value, legitimately belongs to all, share and share alike. Theoretically, our government should recover the total rental value of land — our common heritage—and divide it equally among all citizens. But since our governments need revenue and we wish to avoid having taxes levied on privately created values, it makes sense for each citizen to assign to his local government his equal share of this public value. By so doing he contributes the same as every other citizen to the cost of government. Certainly there is no other source of revenue as equitable as this.

Denies Tax Can Be Shifted

At the opposite extreme of the claim that land value taxation is wrong because landholders would be the only ones paying taxes is the claim that landholders would be paying no taxes at all. It is claimed that they would merely raise their rents in proportion to the increase in taxes falling on their lands. But this is one thing all reputable economists agree can *not* be done. If site A (land only) in the heart of a city is worth $1,000 per month to whoever uses it, while site B (land only) on the outskirts of the city is worth only $100.00 per month, then site A is worth only $900.00 more per month than is site B. A change in the amount of taxes falling on these two landholders cannot affect the relative value of these sites. Suppose, for example, that an attempt were made to get $2,000 and $200.00 per month respectively for these two sites just because each landholder were required to pay taxes of $1,000 and $100.00 respectively to the city. Obviously, the tenants in site A would move to lower cost land. Site A is not worth $1,800 more per month than site B. If it were, the landholder would be getting it in today's market.

Although a tax on land values affects the *price* of land, it cannot affect its rental value. There is no disagreement among professional economists on this point.

Explains Mechanics of Tax Collection

The question naturally arises: How should Federal, state, and local governments obtain the rental value of land? The practical answer is that we should return to the constitutional provision that requires our Federal government to apportion direct land taxes among the states according to their respective populations. The states, in turn, should obtain this revenue and the revenue for their own support by apportionment among their counties, in the way Nebraska, Texas, Montana, and a number of other states still do. The counties, as agents of the states, should collect their revenue, and the revenue needed by state and Federal governments, from the rental value of their lands, using existing property tax collection machinery. These changes would reverse the trend of the last 50 years. Instead of lower levels of government becoming increasingly dependent upon higher levels of government for aid, thereby losing their independence, the higher levels of government would return to dependence upon the lower. That is as it should be if we wish to preserve our liberties.

Some may claim, "It's too late to change the rules of the game." But if a person has a clear understanding of the disastrous effect that some of the existing rules are having upon us—he will realize the wisdom of making the rules sounder so as to protect each person's right to enjoy the fruits of his efforts. The first barrier to the spread of Communism is a tax system that differentiates between publicly created and privately created values. Then and only then can all privately created values be treated as private property, secure in private hands, immune from confiscation by tax collectors.

In his book, "Constructive Taxation for Free Enterprise," Judge John R. Fuchs stated the issue clearly as follows:

"There can be no hope of peace and order in society without a clear recognition of what is public and what is private property. The soundness of the very foundation of society depends upon this. . . . We must distinguish between what is Mine, Thine, and Ours."

Almost two thousand years ago, a famous teacher of Nazareth stated the same basic principle when he said: "*Render unto Caesar that which is Caesar's.*" Truly, there is nothing new under the sun. We may have a new set of faces. But our problems are the same. We cannot escape the consequences of our immoral acts. We cannot hope to achieve the kind of life our Creator intended for us until we provide ourselves with a sound and just method of raising public revenue, and a sound monetary system.

IDAC Course In Investment

TORONTO, Can. — Four hundred and fifteen employees of Members of the Investment Dealers' Association of Canada have successfully completed courses in Investment Finance in the past year, the Association reports. The students, employed by Investment Dealers from coast to coast, in London, Eng., and New York City, wrote examinations covering all aspects of the investment business.

A. I. Green of Dominion Securities Corpn., Ltd., Toronto, was awarded the Association's gold medal for top standing in the advanced course, while W. L. Atkinson of Nesbitt, Thomson & Co., Ltd., Montreal, was awarded the silver medal as runner-up. In the introductory course, Miss J. M. Massicotte, of Harris & Partners Ltd., Montreal, a student in the French Edition of the course, won the silver medal for top standing while A. S. Houtby of James Richardson & Sons, Toronto, was bronze medallist for second standing.

The Petrochemical Industry

Continued from page 3

raw materials such as acetylene, ethylene, propylene, butylene, and butadiene, which are the fundamental building blocks, to intermediates such as alcohols, acetaldehyde, glycols, and chlorine derivatives. They continue to the higher molecular weight, more complex end products such as synthetic rubber and plastics.

A brief comment on the chemical industry in the U. S. seems pertinent at this point.

Size of the Industry in the U. S. A.

The chemical industry takes its raw materials from the forest, the sea, the air, and the earth. It converts these raw materials into more than 10,000 chemical products, in more than 12,500 plants operated by thousands of chemical manufacturers.

Some of these chemicals are used by the industry itself — to produce fertilizers, paints, explosives, and many other important products. In addition, chemicals are made available to other industries, where they are used to produce durable and non-durable goods. In one form or another, chemicals reach the ultimate market — the consumer — and help satisfy human needs.

In terms of total assets, the chemical industry, with almost $22 billion at the end of 1958, ranks fourth in the U. S. economy. It is topped only by petroleum refining, the primary metals, and transportation equipment.

My data on the size and growth of the U. S. petrochemical industry reflects estimates by Dr. R. L. Bateman of Union Carbide.

Our total chemical industry has been growing rapidly since World War II. By volume of output, it is currently at the level of 80 million metric tons per year. By 1965 a level of 100 million metric tons is expected.

Petrochemicals were negligible in 1930 but have increased to a level of more than 22 million metric tons per year. They presently constitute 30% of all chemicals by volume. This figure is expected to increase to 40% by 1965.

Of greater interest, however, is the fact that petrochemicals currently represent 57% of the dollar value of all chemicals manufactured in the United States.

Approximately 3,000 different chemicals are derived from petroleum. Of these, about 300 would be classified as important commercial chemicals—and only 50 are large-volume basic items.

Nearly 80% of the chemicals derived from petroleum and natural gas go into seven major channels of consumption.

I realize this is not new and that France either has or is rapidly approaching the same pattern.

The chemicals include:

(1) The rapidly growing, large-volume plastics field.

(2) Paints and surface coatings.

(3) Detergents, emulsifiers and wetting agents.

(4) Automotive chemicals — of considerable interest to us since they augment our fuel products business.

(5) Agricultural chemicals.

(6) Synthetic fibers.

(7) Synthetic rubbers.

Explains Different Uses of Petrochemicals

All of us are aware that hundreds of uses exist for the various plastics. These synthetics, tailored for specific uses, are replacing wood, metal, leather, glass, and other materials. They do a better job, cost less, are more easily processed, provide better insulation, are lighter in weight, less fragile, and have other advantages. The versatility of plastics is also creating entirely new fields of application, introducing new items to the market which were formerly unavailable. It is not surprising that this field, which derives most of its raw materials from petroleum sources, is growing rapidly not only in the United States but throughout the world.

The paint and surface coating field uses many petrochemical products, such as resins, plastics, and driers, but the large volume are in the aromatic, aliphatic, and oxygenated solvents.

Synthetic detergents today provide real competition for soaps, since they can be designed to meet specific washing conditions—both industrial and household. Synthetic detergents are now three times greater in volume than soap, and are expected to fill most of the future growth in requirements of the cleaning and washing field. However, no phenomenal growth rate should be expected, since the synthetic detergent field is approaching maturity. Perhaps toilet soaps represent the last remaining significant area for potential development.

Petrochemicals used in the automotive field consist of anti-freeze, and additives designed to improve the quality of gasoline and lubricating oils. Initially, isopropanol was the large-volume anti-freeze, but has given ground to methanol, which, in turn, is being replaced by the more permanent ethylene glycol.

The major gasoline additive is tetraethyl lead for octane improvement, and a new, more volatile product—tetramethyl lead—is being considered for this purpose. There are also many new additives to improve ignition and engine cleanliness. In the field of lubricating oils, additives are assuming even greater importance as means of controlling viscosity, pour point, and engine cleanliness. Today, on the average, additives constitute 7% of U. S. lube oils by volume, and 35% of their cost.

Agricultural chemicals need no special comment, but the position and growth of synthetic fibers is certainly impressive. The synthetics have properties which natural fibers often lack in various degrees. For example, garments of synthetic fabrics hold their shape, are easily laundered, do not shrink, dry quickly, wear longer, and are moth-proof.

Cellulose was the source of the first major synthetic fibers which have become famous as Viscose Rayon and Cellulose Acetate. In recent years they have been joined by the more glamorous polyesters such as Dacron, polymides such as Nylon, and the acrylics like Orlon and Acrilan which are largely derived from petrochemicals. The new polypropylene fibers are now under active development. Polypropylene resin, I might add, is of considerable interest to my company.

Even Displaced Natural Rubber

The displacement of natural rubber by synthetics has probably proceeded farther in the United States than in any other area. Of the total 1,652,000 metric tons of rubber consumed, about two-thirds is now synthetic. By far the largest volume is in the butadiene-styrene type, which was developed during World War II, but improved considerably since that time. Butyl, which initially was in demand because of its excellent qualities for inner tubes, now gives considerable promise as a multipurpose rubber. Other special types of synthetic rubbers are neoprene and butadiene-nitriles. Polyisoprene and polybutadiene are being commercialized and will further displace natural rubber.

Jersey Standard is active in most of these petrochemical fields as a supplier of basic raw materials, intermediates and derivatives, and occasionally end products. In this latter category, we are particularly proud of our development of butyl rubber. This versatile polymer is finding new and varied fields of application both in the United States and abroad. I am sure many know that France's first major project for synthetic rubber is butyl—made by the Societe du Caoutchouc Butyl at Notre Dame de Gravenchon.

The relative size of some of the channels of petrochemical consumption is shown in the following tabulation of 1958 sales (Table I).

TABLE I

	Millions
Plastics, resins	$1,275
Paints, varnishes & lacquers	1,629
Detergents (Active component)	235
Automotive chemicals	620
Agricultural chemicals	1,501
Synthetic fibers	1,327
Synthetic rubber	544

It will be noted that paints, plastics, agricultural chemicals, and synthetic fibers are all well over a billion dollars per year. The other three groups are also significantly large. Printing inks, explosives, and dyes, while not shown, have sales in excess of $100 million per year.

There are, of course, other important end use classifications for petrochemicals besides those included in these seven markets. Some of these are drugs, perfumes, cosmetics, adhesives, and other specialty uses. But these volumes are relatively small when compared to the seven major classifications. As a petroleum company, we are impressed particularly with the large volume products which create significant outlets for crude oil. Although difficult to estimate, it appears that about 2% of the crude oil processed in the United States finds its way into petrochemicals.

Why Petroleum is Preferred

Let me now discuss why petroleum is an attractive supplier to the chemical industry. The three major reasons are:

(1) Petroleum refining, through normal or special processing, can make available those materials which are not readily available from other sources.

(2) Petroleum sources can supplement the supply of some products not available in adequate quantity from other sources.

(3) Petroleum sources usually can supply the required products at lower prices than alternate sources.

A few examples are listed to clarify this point. First, paraxylene. When Du Pont decided to make dacron, they needed a supply of reasonaby priced p-xylene as raw material for the intermediate dimethyl terephthalate. Coal tar was not the answer, for xylenes from coking are low in yield. It was not feasible to carry out additional coking only for the production of p-xylene, which makes up a relatively low proportion of the total xylene cut.

Our company developed an economic process for freezing out high purity p-xylene from a hydroformed naphtha. Other companies followed suit, and now p-xylene can be produced at the rate of 90,000 metric tons per year. This is about three times as great in volume as all the xylenes produced from coal coking.

A similar case is that of benzene. Soon after the war, large consumers of benzene realized that the total supply from coal coking —with the steel industry at full capacity — would not meet their requirements. They urged petroleum companies to make the product. Benzene *was* made, again by recovery from hydroformed naphtha. At first, prices were too high—45 to 50 cents a gallon. But with improved techniques and increased competition—20 oil companies now make benzene—prices have dropped to the level of 34 cents a gallon. In 1958, coal tar and coke accounted for 425,000 metric tons of benzene, while petroleum sources were used for 475,000 metric tons.

The situation is also similar for naphthalene whose main outlet is for the manufacture of phthalic anhydride. Coal tar supplies are supplemented by a petroleum feed stock — ortho-xylene. Some companies also will be synthesizing from petroleum.

Glycerine is another instance where inadequate natural supply was supplemented by petroleum sources. Synthetic detergents cut into the soap business, with a shortage of by-product glycerine over that needed by manufacturers of alkyd resins, cellophane, and explosives. Fortunately, a petroleum company had an alternate process for synthetic glycerine. In 1958, synthetic glycerine account for 44% of total production, and this percentage is expected to increase. Since 1953, the price has dropped from an average of 41 cents a pound to 29 cents a pound.

Notes Lower Price Compared to Natural Rubber

Let me now turn to item three —making products at lower cost than alternate suppliers. Using basic raw materials such as ethylene, benzene, butadiene, isobutylene, and isoprene from petroleum, synthetic rubber is being made in increased quantity with improved processes. As a result general purpose rubber is made available to the rubber industry at about 23 cents a pound, compared to natural rubber currently at 40-43 cents a pound at the time of this writing. It is doubtful whether natural rubber can meet synthetic prices in the future, with the exception, perhaps, of rubber from the most efficient plantations.

As far as alcohols are concerned, industry has a choice of petroleum sources or fermentation of agricultural products. Here are the choices open to a company interested in n-butanol.

It may ferment molasses. It may oxidize natural gas which is high in propane and butane, and make butanol in combination with other products. It could start from petroleum ethylene, making acetaldehyde, and aldolizing this to alcohol. Or it could start with petroleum propylene and go directly to alcohol by the Oxo route.

What dictates the choice? Basically, it is economics, and usually in the case of alcohol and certain other products, petroleum sources are more attractive from the standpoint of cost. We have indeed found this to be true from our experience. In general, the cracking of petroleum fractions to yield basic chemicals is more economical than other processes, including those from natural gas.

Today, in the United States, 85% of all aliphatic and aromatic organic chemicals is derived from petroleum and natural gas, with the remaining 15% coming from coal and agricultural products. Even 10% of the inorganic chemicals has a petroleum source.

France has the same basic sources of raw materials for its chemical industry—crude oil produced in France and in the Sahara, natural gas from the Lacq fields, as well as coal and agricultural products. It is, however, very important, to make sure of attractive economic circumstances as well as of raw materials sources.

With respect to large-volume organic products, the four top chemicals are derived almost wholly from crude oil and natural gas. During the war, butadiene was made from alcohol derived from fermentation, but this method is now obsolete. Fermentation occupies a minor position with acetone and industrial ethyl alcohol. I have already commented on benzene and glycerine. Here, the choice between crude oil and natural gas also is largely a matter of economics. Natural gas is currently being used at the rate of 2.75 million metric tons per year. As a measure of importance, it provides the base for 100% of formaldehyde, at least 90% of methanol, 80% of ammonia, and 15-25% of acetylene.

Geographic Distribution

The next topic I want to discuss is where the petrochemical industry is located in the United States. The 1959-1961 construction survey of the Manufacturing Chemists Association provides us with some useful information. Table II shows a total of $3 billion in current new chemical construction, and the geographical distribution of these projects. You will note from Table III that 61% of this construction is basically petrochemical in nature.

We will assume this distribution to be approximately that of the petrochemical industry. The pattern is about what one would expect: about three-fourths of the total activity is on the Gulf and East Coasts, with little activity in the plains or mountain states. Major centers are in Texas and Louisiana, which are also main

TABLE II

REGION	Amount	Percent of Grand Total
Pacific	$201,745,000	6.7%
Mountain	66,975,000	2.2
West North Central	78,875,000	2.6
West South Central	1,206,958,000	40.2
East North Central	329,245,000	11.0
East South Central	349,741,000	11.7
Middle Atlantic	283,824,000	9.5
South Atlantic	334,752,000	11.2
New England	55,655,000	1.9
Hawaii and unspecified locations	93,900,000	3.1
Grand Total	$3,001,670,000	100.0%

TABLE III

CHEMICAL PLANT CONSTRUCTION BY PRODUCT CATEGORY (1959-61)

	—Millions of $—	
Basically Petrochemical (61.4%):		
General Organic Chemicals	675	
Plastics and Resins	450	
Synthetic Fibers	101	
Raw Materials from Petroleum	455	
Fertilizers	116	
Synthetic Rubber	45	1,842
Relate to Petrochemicals (12.9%):		
Laboratories	220	
Miscellaneous Smaller Fields	167	387
Generally Non-Petrochemical (25.7%):		
General Inorganic Chemicals	686	
Special Metals	86	772
		3,001

locations for crude oil refining and natural gas availability.

Oil and Chemical Companies in Petrochemicals

Let us now examine the nature of the companies interested in petrochemicals. First, to what extent are chemical companies and petroleum companies engaged in petrochemicals? Some idea of chemical company involvement can be gained from Table IV,

TABLE IV
Leading Chemical Companies in Petrochemicals

	Petrochemical Sales % of Total Sales
*Monsanto	65
Rohm & Haas	60
Dow	60
DuPont	50
Carbide	50
*Cyanamid	40
Allied	36
Hercules	15

*Excludes Drugs.

where petrochemical sales as a percentage of total sales are shown.

It is evident that petrochemicals play an important role, since several important chemical companies have 50% or more of their efforts concentrated in this area.

As you would expect, petrochemicals do not constitute so large a portion of total sales in petroleum companies. Although most petroleum companies do not report their chemical sales separately, we have estimated that petrochemicals comprise 10-15% of the total effort of the three leading oil companies in this field. A recent news release reported 35% of all manufacturing investments currently being made by petroleum companies were for chemicals. The leaders are Jersey Standard, Shell, Phillips, Standard Oil of California (Oronite), and Gulf. But practically every oil company of any size is now involved in this field.

What about the relationship between petroleum companies and chemical companies in the petrochemical field? Generally speaking, petroleum companies supply basic raw materials to the chemical companies, which then make the finished products. However, there are so many exceptions to this generalization that it cannot be assumed that an established pattern exists.

Certain companies, including Standard of New Jersey; Standard of California; Gulf, and Shell supply basic raw materials and intermediates to the chemical industry.

The companies which look to the petroleum industry for significant quantities of basic raw materials and intermediates are Du Pont; Monsanto; Rohm & Haas, and Wyandotte. They devote most of their efforts to making complex products, and are especially concerned with the manufacture of organic chemicals.

Most petroleum companies, including my own, desire a diversification of their activities beyond the production of basic raw materials. They want to get into the more complex intermediates and derivatives, and go on into end products. The extent to which this is being done varies among companies. Jersey and California probably have gone farther than Gulf in this direction, but Shell has gone farther than we have.

Some chemical companies do not rely heavily on petroleum companies for their basic raw materials. Instead, they generally start with natural gas, liquefied petroleum gas, purchased refinery gases, and naphtha. Typical companies in this category are Union Carbide, Dow, and Celanese.

Directions Chemical Companies Are Going

Some chemical companies team together with petroleum companies to carry out activities of mutual interest. While there are a large number of such arrangements, the percentage is much lower in the United States than in Europe, specifically in France.

Other companies are acquiring petroleum companies. This results in an assured source of some of their basic materials.

There is also a trend for chemical companies to purchase plastic fabricating plants. In this manner, they obtain a certain outlet for some of their products. At the same time, they acquire technical and operating knowledge in that field.

Also, some large companies, wishing to diversify, are turning to petrochemicals. Since the field is relatively new to them, they are building up position and sizable assets by acquiring other companies in the field.

It is evident that there is not any established pattern for carrying out petrochemical activities in the United States. The practices of both petroleum and chemical companies vary from one organization to another.

Discusses His Own Company

The questions asked most frequently of our petrochemical people by chemical companies are these:

(1) What are Jersey's objectives in the petrochemical field?

(2) Are your interests complementary and mutual with the chemical companies, or are you in conflict?

My company is actively engaged in petrochemicals both in the United States and in Europe, including France. Since we intend to grow in this field, I believe it is important that our position be made clear at every opportunity.

We regard the chemical industry as a relatively new and rapidly-growing customer for materials contained in or economically produced from petroleum.

We intend to continue to keep our eyes open for opportunities to make profitable investments to produce specific chemical raw materials, certain more complex intermediates, derivatives, and occasionally end products.

Our goal is to supply each specific chemical customer with those products derived from petroleum which he needs, subject to certain limitations.

We feel it best for us to be able to produce these materials, using technologies and skills similar to those we have developed to a high degree in normal refining operations. We believe we can do this at least as economically as others —and perhaps more so.

We recognize that requirements vary among customers and among geographical areas, so that each requirement must be judged on its own merits. Customer "A" may want to do his own cracking, so we try to sell him cracking feed stock. Customer "B" may want to buy high-purity ethylene from us. Customer "C" may want ethanol, so we are prepared to make this product for him. Customer "D" may want an end product from us, such as butyl rubber.

In general, when going into end products, we would prefer to exploit the results of our own research in developing products new to industry. This policy, we think, is preferable to making end products which are already manufactured, promoted, and sold by people who know more about those aspects of the business than we do.

U. S. Interests in European Petrochemicals

I would like to comment now on the interests American petrochemical companies have in Europe. These companies are all aware of the fact that all the major petrochemical products can be made economically in Europe, and that demand for these products will grow. It will become difficult, if not impossible, to export from the United States to Europe. Therefore, if an American entrepreneur wants to participate in European activities, he must make some of his investment capital and technical knowledge available in Europe. This, of course, is what is being done, either by independent investments or by joint ventures.

During the last five years, my company has developed petrochemical investment programs in France, Great Britain, Germany, and Benelux, which total about $150 million. In addition, we are actively studying other projects in these countries, as well as expansions into new areas.

Examples of other American companies in the European area are shown in Table V. There is no need to go over this information too closely. However, it does reveal that American companies are fully aware of the investment opportunities to be found in the Common Market and in the Outer Seven.

Most people realize the important role played by research in creating the dynamic petrochemical industry which exists in the United States. In fact, the research activity conducted by the chemical industry is generally considered to be its outstanding characteristic.

Role of Research and Development

My data apply to the entire chemical industry, not only to the petroleum part of it. However, you have a good idea of the importance of petrochemicals to the chemical industry. Fifty years ago, only three out of every 100 patents issued in the U. S. were in the chemical field. Today 20 out of every 100 patents there deal with chemicals. Much of this effort is directed toward new product development—about 44% of the total research development. This effort results in more than 400 new chemical products being placed on the market each year.

The major chemical companies invest between 3 and 5% of each sales dollar in research and development. In Jersey Standard, 20-25% of our total research activity is in the field of petrochemicals.

When speaking of research and development, I must mention the many contributions that originated in European laboratories. These include polyisobutylene which led to butyl rubber, butadiene-styrene rubber, high-pressure polyethylene and stereospecific polyolefins, the Oxo alcohol process, the polyester fibers such as Dacron, and many others. As you know, the French process for the direct oxidation of ethylene by means of a silver catalyst has been adopted in the United States.

American chemists and chemical engineers are particularly good at developing new processes and in building large economic plants which operate on the principle of continuous process. Much of the United States research effort is directed to this field. It has been successful in allowing us to make certain basic materials, such as ethylene, propylene, and butadiene, at quite reasonable costs. In addition, many processes for the same product have been developed. For example, phenol can be made by four successful processes, polyethylene by five different processes, and there are three or four ways of making acetone and ethylene oxide.

Research and development have contributed a great deal to the growth of the petrochemical industry in the United States. But in my opinion, there is another factor which is even more responsible for the dynamic nature of that thriving industry—the prevalence of private enterprise units and the free competition between them. Competition is a basic principle of the American economy, and it is particularly strong in the petroleum and the chemical industries.

For example, combined sales of the three largest chemical companies are only about 17% of total industry sales.

In 1949, there were only 12 ammonia producers. Today, there are 40. There were two producers of urea in 1949, now there are ten. The same holds true for formaldehyde and methanol. There are also 230 producers of plastics materials, and over 1,400 producers of paints.

There is also competition among commodities for the same markets. O-xylene competes with naphthalene; ethanol with isopropanol; ethylene with acetylene and propylene, to mention only a few.

There are competing processes to make the same products. For example, acetic acid is made from three different raw materials by ten different processes.

Products also compete with other products. For example, cellophane, wax paper, aluminum foil, polyethylene film, saran, and acetate film are all in competition. This competition from all directions usually results in price reductions, which in turn open the door to other outlets and applications.

Competition keeps us on the alert. We must be just as good as or a little better than the next man. This leads to constant evaluation of our operations, improvements, and cost reductions. In the years ahead, we expect to face greater competition from abroad —from Japan, Russia, and other areas. However, since we have been operating in a highly competitive industry for such a long time, we are not frightened of these new challenges.

Summarizes Points Made

Let me summarize briefly the points I have tried to make:

(1) The American petrochemical industry began in 1920, grew rapidly with the outbreak of World War II, and today is a healthy, important part of our economy.

(2) Petrochemicals today represent 30% of all chemicals made in the United States—and 57% of the dollar value of all chemicals. The industry is still growing fast.

(3) Petroleum has become a main supplier of the chemical industry because required products can be made available in almost unlimited quantity, at constant quality, and at low prices.

(4) In the past, chemical companies have tended to concentrate on the manufacture of petrochemical end products and intermediates. Now petroleum companies are diversifying in this direction.

(5) On the other hand, chemical companies are moving into areas once reserved primarily for the petroleum industries. They can enter the raw materials field by joint ventures and mergers. By purchasing petroleum feedstocks they can do their own manufacturing.

(6) American companies are expanding in Europe, as well, through independent investments and joint ventures.

(7) Research and development programs, coupled with competition, will insure the future growth of the U. S. petrochemical industry.

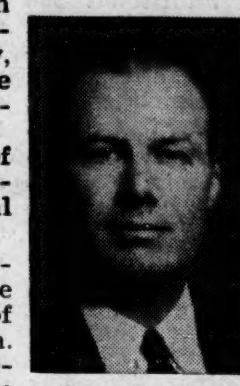
*From an address by Mr. Shepard before the Societe de Chimie Industrielle, Paris, France, June 8, 1960.

TABLE V
PARTICIPATION OF U. S. PETROCHEMICAL FIRMS IN EUROPE

Company	Countries With Investment Programs
Jersey	U.K., France, Germany, Belgium, Holland, Spain
DuPont	Ireland (United Kingdom) and Holland
Carbide	United Kingdom, Belgium and Italy
Monsanto	U.K., Italy and Spain — Ireland (U.K.)
S.O. of Cal. (Oronite)	United Kingdom and France
S.O. of Ind. (Amoco)	Belgium
Texas Butadiene	France — Sweden
Dow	Holland, Spain and Italy — United Kingdom
Goodrich Chemical	Holland
Olin Mathieson	Belgium

Almon, McKinney Formed in Dallas

DALLAS Texas—Almon & McKinney, Inc. has been formed with offices in the Mercantile Bank Bldg., to engage in an investment banking business. Officers William Munson McKinney, President; Taylor B. Almon, Executive Vice-President. Mr. Almon was formerly Vice-Pres. of Rauscher, Pierce & Co., Inc., with which Mr. McKinney was also associated.



Taylor B. Almon

R. A. Myers With Bache & Co.

Robert A. Myers has joined the investment firm of Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange, as assistant to Robert C. Hall, partner in charge of Sales Development, Harold L. Bache, managing partner, has announced.

Mr. Myers has been associated with Liberty Mutual Insurance Co. since 1948. He joined Liberty as an advertising assistant and became, successively, Assistant Sales Promotion Manager, Sales Promotion Manager and Assistant Advertising Manager. Prior to 1948, Mr. Myers was assistant to the Art Director and assistant to the Advertising Manager at Houghton Mifflin Co., Publishers.

F. & R. Bender Open on Coast

(Special to THE FINANCIAL CHRONICLE)

LA JOLLA, Calif.—Frank & Robert Bender Co. has been formed with offices at 7817 Ivanhoe Avenue to engage in a securities business. Officers are Frank J. Bender, President; Robert F. Bender, Vice-President; and Margaret M. Bender, Secretary-Treasurer. Robert F. Bender was formerly President of Storz-Wachob-Bender Corporation of Omaha, with which Frank Bender was also associated.

New Mohawk Office

HERKIMER, N. Y.—Mohawk Valley Investment company, Inc, has opened a branch office at 136 North Main Street under the management of Daniel J. Schatz. Mr. Schatz formerly conducted his own investment business in Herkimer under the name of Mutual Investment Service.

New Buck Branch

SPRING LAKE, N. J.—Richard J. Buck & Co. has opened a branch office at the Essex & Sussex Hotel under the management of Charles F. Cubellis.

A Microscopic Analysis Of the Aerospace Industry

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sales to both military and civilian customers will rise at a much more rapid rate than in the past.

Commercial Transport Picture Bleak

Not so promising, from the standpoint of the manufacturer, is the commercial transport picture. Historically, American-designed and built transports have dominated the world's airlines, and today, our modern jet and turbo-prop transports have by far the lion's share of the world market. By the end of 1959, the industry had delivered 297 turbine-powered airliners to the U. S. domestic airlines alone. In the current year, an additional 160 jet transports and another 51 turbo-prop transports will be delivered to domestic carriers. Deliveries to foreign airlines will substantially increase this total.

Despite this output, the manufacturers are well below the break-even point. In fact, because of very high research and development costs, they are suffering a loss on every aircraft delivery. Unless there are additional sales, the prospect that this break-even point ever can be reached is not promising. This has been another factor which has complicated the industry's efforts to effect its reorganization in an orderly, efficient manner.

The commercial transport problem is further complicated by the challenge facing us in the development of a supersonic transport capable of speeds in the 2,000 mph range. We cannot, as a matter of vital national prestige, afford to abdicate our position of world leadership in transport development. But the development costs for the supersonic airliner will completely overshadow the substantial development costs of the present generation of turbine airliners. Estimates range from $250 million to $1 billion. There is no single company, or even a combine of companies, that can shoulder these costs. The solution, as is true of most of our problems, must come from concerted, equitable action by Government and industry.

In addition to the production of commercial transports, utility aircraft and helicopters, there are three other major product lines in the aerospace industry. They are: high-performance military aircraft, guided missiles, and space vehicles. Together, these three product lines constitute 80 to 85% of the industry's total workload, and consequently, any major revision in the level of orders in these categories necessarily exerts far-reaching influences on the industry's posture.

Precipitous Decline in Manned Aircraft Production

The major cause of concern is the precipitous decline in the production of manned aircraft for military use. Although this decline was anticipated and the industry was preparing for it, the rate of decline has been so accelerated since the advent of Sputnik that the planned transition to a lower level of activity could not be carried out in an orderly manner. Although jet bombers are today the backbone of our striking and deterrent power and will so continue for some years to come, the production of military aircraft has followed a steady downward trend. As recently as 1953, the industry produced 11,000 aircraft for the military services. Since that year, there has been a steady decline in output to an estimated 2,200 this year, with a continuing decline forecast, unless there is a significant modification in the Government's plans as a result of the action taken by the Congress to bolster and modernize the military cargo fleet and to reactivate a full-scale supersonic bomber program. Even if this should come to pass, there would be little, if any, impact on the industry level of activity this year.

There are many reasons for this precipitous reduction in military aircraft. Among them is the fact that many functions of the manned vehicle are being taken over by guided missiles. Another has been the tremendous increases in performance of the individual aircraft and the destructive capability of its payload. Another cause has been the tremendous acceleration, on a high-priority basis, of the development of long-range ballistic missiles, which, due to fixed budgetary ceilings, has resulted in the elimination of other planned programs and projects.

Offsetting, in some degree, the cutbacks in military aircraft production are orders for guided missiles of all categories and space vehicles. The aerospace industry has the responsibility for design, development and fabrication of more than 80% of our missiles, and, as a matter of fact, the prime contractor responsibility for all the current, long-range ballistic missiles—the Atlas, Titan, Polaris, and Minuteman—has been vested in companies famous for their aircraft.

United States vs. Russia

To carry out these new assignments, the industry obviously has had to make profound readjustments in its composition and method of operation. Despite this, the industry has made up much ground since the violent reaction to Sputnik I in October of 1957. Exactly where we are in relation to Russia in the vital race for superiority in intercontinental ballistic missiles is still a matter of public debate. We have an operational ICBM in Atlas, which can be placed within a mile of target at a 5,500-mile range. Titan, the next generation, has passed its development tests with flying colors and soon should be operational. Polaris, the Navy's sub-firing ballistic missile, is well advanced in its tests, and Minuteman, the Air Force's solid-propellant ICBM, is progressing rapidly through its early test program.

The other great technological race with Russia has been in space. Today, out of 16 satellites still in orbit, 13 are American and three are Russian. Of the nine still transmitting data back to earth, eight are American and one is Russian, and the Russian device still transmitting was launched only last month, while our second satellite, Vanguard I, launched two years ago, is still sending its messages. Although the Russians have gained great propaganda value out of hitting the moon with one probe and out of the photographs of the back of the moon, we have Pioneer V, which is orbiting the sun and which continued to transmit clear signals to us from 20 million miles away. We have tested our Midas satellite, which is designed to provide an early warning of foreign missile launchings, and we have obtained valuable data from our weather reconnaissance satellite—Tiros. Our other devices in orbit also are sending back invaluable data. It is pertinent to note that most of the hardware involved in these space efforts was designed and constructed by the aerospace industry.

For guided missile development and production, the Government allocated $161 million in 1955. In 1959, the amount had increased to $2.96 billion, with about the same level maintaining for this year, and a projected increase to $3.45 billion next year.

In the past three years, funds for the nation's space programs also have been substantially increased, with expenditures during the coming fiscal year scheduled to more than double those of 1959.

Impact on Industry's Suppliers

Obviously, these changes in the nature of the industry's work are exerting a significant secondary impact on its thousands of suppliers and subcontractors. The new technology will require new materials, new machines and new processes. The consumption of aluminum, for example, long the staple material for aircraft production, has declined markedly. Paralleling the decline in production runs will be orders for components and accessories. As the industry concentrates more and more on research and development activities—as distinguished from production programs — opportunities for subcontracting will continue to dwindle. Although the impact of these trends on other elements of the industrial community are not yet susceptible to detailed evaluation, those firms engaged in supplying this industry with its raw materials and specialized equipment and tools certainly should be alert to the changes now under way and should be evaluating these changes in terms of their own plans and programs.

It is pertinent to note that these marked fluctuations in output and in the types of product produced have not seriously changed the gross sales recorded by the industry, which have been in excess of $11 billion annually for the past three years. It is anticipated that this level will be maintained this year and probably next year. The industry's backlog, now at approximately $12¼ billion, is expected to remain at this level for the next several years. On the surface, this would appear to be promising. Unfortunately, it does not present an accurate reading of the industry's financial health. A substantial portion of this backlog now is made up of research and development work which, relatively, is not very profitable. Production funds are continuing to decline, and, basically, it has been from earnings on production contracts that the industry has developed its financial strength, its technological capabilities, and its research, development and manufacturing facilities.

Sharp Decline in Production Workers

It is this change in the composition of the industry's backlog and sales, as distinguished from the size of backlog and sales, that has created in the past, and will continue to create for the next several years, critical problems for companies engaged in aerospace work. Two examples of the impact of the change on the industry will give some indication of the magnitude of the job industry faces as it tries to reorganize and reorient itself to the changing requirements of our space and defense programs.

First, employment: As recently as three years ago, the aerospace industry was a production industry. In April 1957, it was the largest manufacturing employer in the United States, with 909,000 people on its payroll, of whom 602,000 were production workers. As of March 1960, employment had dropped to 680,000, a loss of 229,000, and production workers dropped 195,000 to 407,000. This trend in employment is continuing with our labor force decreasing on a monthly average in the neighborhood of 5,000 workers.

At the same time, the industry is actively seeking and hiring highly specialized, qualified scientists, engineers and technicians. A recent survey of 35 of AIA's member companies revealed some very interesting data on the transformation that is taking place in the industry's labor force. In 1950, these companies had on their payrolls 18,000 salaried professional engineering and scientific personnel. By 1955, this number had increased to 55,200, and in 1960, to 98,800. Of more significance, perhaps, than total numbers is the change in the ratio of engineering employment compared to production workers. In 1950, the ratio was 1 to 11; by 1955, it was 1 to 9; now, it is 1 to 4.

Parenthetically, it is interesting to note that although there has been a drop in total employment of more than 225,000 since April 1957, the industry's yearly payroll has stayed virtually constant at about $5¼ billion.

Another manifestation of the problems confronting the aerospace industry during this transitional period is represented by changing facilities requirements. In 1957, for example, floor space requirements for Air Force weapons systems — the largest purchaser of aerospace products—were 60 million square feet. Today, these requirements have been halved to some 30 million square feet and from all indications this will again be halved in the next three years to 15 million square feet.

However, simply to compress the amount of plant area in use was not the whole problem. In actual fact, the reduction in "existing floor space" was even greater than these figures indicate, for virtually every company was building new facilities to handle the different products called for by our defense and space requirements. During the period 1955 through 1959, the aerospace industry invested $1.8 billion in new facilities, and is committed to an investment of over a billion dollars for this purpose during the next half decade. New plant and equipment for research, development and testing, as well as production, is absolutely essential if we expect to maintain our national position in the current technological race in the defense and space fields. From 1955 through 1959, the Government investment was about two-thirds that of industry, despite the fact that 85% of the products being produced were for Government use.

Downtrend in Industry's Earnings

The funds to pay for these facilities must come out of earnings. Obviously, a fairly high level of ities must come out of earnings. modernization and expansion of this magnitude is to take place. In recent years, and despite the obvious need for substantial earnings, there has been a sharp decline in industry's earnings, regardless of what yardstick is used. The ratio of earnings to sales has declined from 3.8 in 1955 to 1.5 in 1959. Just as a matter of passing interest, compare this with the 1959 earning ratio of other industries represented here: iron and steel, 4.8; petroleum refining, 9.9; automotive, 5.0; or compare it with the national average of 4.5%. Of greater significance, however, is the trend taking place in the ratio of profit to net worth. In 1954, industry's percent of profit to net worth was 21.4. Since then, there has been a virtual straight-line annual decline to 8.0% in 1959. At this time, there is no indication that the trend will be reversed. This poses serious questions for the nation. An investigation of the relationship of the Air Force to its contractors was contained in the June 1 issue of *Forbes* Magazine. Based on this analysis, the authors posed these two questions: "Can an industry in national service operate on patriotism alone? Can companies with niggardly profits continue to attract capital and grow in strength"? Unfortunately, the article did not provide the answers.

In an effort to develop financial strength and stability, the industry is undertaking widespread programs of diversification, it is endeavoring to develop non-aviation products for the commercial market, and it is concerning itself with mergers within the industry. The major problem here is whether or not such actions will provide the needed strength and whether or not they can produce results quickly enough. This concerns the nation as vitally as it does the individual company managements. A vast national industrial **potential** is no longer needed to satisfy our military weapons requirements. The current requirement is for a healthy, aggressive industry in being whose chief asset is the creativity of its engineering-management team.

Because so much of this industry's work is for the Government, and because this work is so indispensable to our national security, the Government and the people of the United States have a real stake in the ability of this industry to keep and maintain these creative design and development teams.

Excess Capacity Must Be Liquidated

Industry now has excess capacity which must be liquidated. Although it has been attempting to reduce this capacity for several years, the time needed for an orderly program of liquidation has been radically foreshortened. Simultaneously, there has been a substantial shrinkage in the earnings needed to accomplish this liquidation, and at the same time maintain an effective design, development and production team. Unless there are significant orders for additional high-performance aircraft, more mergers and further diversification appear to be inevitable. The solution to the problems confronting industry cannot be found by industry alone. The Government has a direct stake in this industry, and, in fact, has contributed to industry's problems. It must work closely with industry if a logical and effective solution is to be found. Careful consideration by the Government of the impact of these trends is essential. The industry must have the advice of the Government so that its capacity will not, by virtue of economic default, shrink below the level needed for our national defense and our national space efforts. In the event mergers within industry appear to be essential, the assistance of the Department of Justice doubtlessly will be required.

The industry does not want a subsidy. It does not want a shotgun wedding such as was forced on the British aircraft industry. It needs to have many of the restrictive, incentive-destroying, administrative practices eliminated. In the past, on several occasions, this industry working with the Government has saved itself from bankruptcy. This partnership, again, can solve the problems confronting the industry. But a carefully thought-out program is essential if this nation is to maintain a creative industry able to insure superiority in the weapons and space race.

*An address by General Cook at the Business Outlook Conference of the U. S. Chamber of Commerce, Washington, D. C., June 24, 1960.

Arthur Tarras With Dempsey-Tegeler Co.

(Special to THE FINANCIAL CHRONICLE)

WINONA, Minn.—Arthur C. Tarras has become associated with Dempsey-Tegeler & Co. Mr. Tarras has conducted his own investment business in Winona for over twenty years.

Business Cannot Build Its Future on Tariff Protection

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ally the dawn of a new era in which the desire for a higher standard of living has been implanted in the minds of added millions of people in many parts of the world. And they have been given the economic opportunity to achieve that higher standard of living.

In many countries lately, living standards have increased faster than in the U. S. A. For example, in Western Germany, between 1950 and 1958, gross national product per capita advanced 110%, compared with 35% in the U. S. A. In France the increase was 60% and in Australia 81%.

The only question for us is how we can take advantage of this great new opportunity. One course is to produce quality goods in the U. S. A. for export at competitive costs. The other is to invest and produce abroad, to become a part of the economy of other countries—in short, to go international.

I feel that we should pursue both courses, and the latter deserves our special attention.

Before I suggest how we might proceed, I want to come to grips with a very sticky matter, and that is protective tariffs.

Attacks Business Reliance on Protectionism

If a company already has tariff protection—as mine does on various rubber products — I would fight persistently to keep it.

Let me illustrate why I say this. Take rubber footwear. In 1957 the United States imported six million pairs of Japanese rubber footwear. The figure jumped to 19 million pairs in 1958 and 53 million pairs in 1959. In the first quarter of this year, these imports exceeded total U. S. A. production. We estimate that for the whole year they will come to 120 million pairs.

And that's only the import from Japan. There are others. Rubber footwear is coming in from Hong Kong at an increasing rate. There's good reason. The 71 rubber footwear factories in Hong Kong employ 7,000 people, who work nine hours a day at wage rates ranging from six cents to 14 cents an hour. In the United States, rubber footwear employees are paid an average of $2.01 an hour, not to mention fringe benefits, which run as high as 61 cents an hour.

These are the conditions which cause me to fight tariff reductions. But if one takes a realistic long-term view, one realizes that high protective tariffs have no permanent place in free world markets. Therefore, our plans must be based less and less on protection and more and more on the self-reliance of higher productivity.

To accomplish this we must, of course, resist more vigorously any wage increases that outstrip increased productivity and thereby increase the gap between our costs and those of other nations. And we must eliminate featherbedding.

Tariffs are levied primarily to protect jobs. But jobs cannot be created out of thin air. As time marches on they must stem from a profitable operation able to hold its own against world-wide competition. This we can accomplish chiefly through the investment in more efficient machines—automation, if you please—in order to bring our costs into a competitive range.

My conclusion, therefore, is that we cannot build our future on tariff protection.

Sees Little Difference Between National and International Competition

On the other hand, there are some things on which we can build our future in free world trade. I have six suggestions:

The first thing we can do to take advantage of our world-wide opportunity is change our point of view. We have tended too much to look upon competition between nations as a form of economic war. We have visualized the U. S. A. as pitted against the rest of the world in this battle to win markets and maintain economic leadership.

Why should we take this view as among free nations operating under a similar capitalistic system, any more than we should think in terms of economic competition among various areas of the United States? Within our own country, competition is among individual companies wherever they are located. If one area of the country has low production costs because of an advantage in raw materials, labor or nearness to market centers, then we build new plants there. We also gear our marketing effort to take advantage of customer demand wherever we find it.

Would you as readily build a plant in India as in Indiana? Some companies both American and European, are already thinking that way. All of us should see the free world as an expanded market for us—an opportunity to take advantage of great population groups who have recently acquired a thirst for economic growth.

Let us not be afraid to go out into this free world market, produce goods for it wherever they can be most efficiently produced and vigorously sell to it. Reorganization for global operations must become an increasingly important part of every company's planning. I understand some large companies are planning to merge their international and domestic divisions and operate on a world-wide integrated basis.

Product's Acceptance as a Guide

The next thing we can do is design our products to meet the specific needs of people in various world areas. That is my second suggestion. The time has long since passed when we can say in overseas markets, "If the product is good enough for the U. S. A., it is certainly good enough for you."

People in various nations have different needs and desires in products. For example, in Great Britain, my company had to design a vinyl plastic conveyor belt to meet the requirements of British coal mines for belting that was flame resistant.

In Italy they have their own styles in footwear. It is interesting to note that some of these Italian shoe styles have caught on in the United States.

One American company learned a lesson in local customs when it tried to sell standard American refrigerators to the French. While its sales lagged, a European competitor cleaned up with a line of refrigerators with one-half to one-quarter the capacity of the American type.

The reason was that the French housewife seldom buys more than a single day's supply of food at a time. She doesn't belong to a bridge club, the PTA, women's club or golf club. Her social life is limited largely to her daily shopping trip. She wouldn't think of buying more than 24 hours ahead.

Corporate Behavior Abroad

My third suggestion to improve our position in free world markets is to realize that when we start to do business in another country, we are actually becoming a part of the economy of that country. We should take part as corporate citizens of the nation and join in its society and its customs.

I have always felt that the best ambassador of the U. S. A. is a well behaved businessman operating abroad. As a matter of fact, we now have the Business Council for International Understanding, a private organization, which is working closely with the President and the State Department in precisely this field. And B.C.I.U. has established, at American University in Washington, a school to train men who will be operating abroad, and a part of the curriculum is devoted to their wives.

The American businessman abroad should avoid the attitude of exuding good will. He should put his operations on a sound business basis within the economy and customs of the local community. He should hire its people and attend to their well being in terms of the best business practice in that area. He should do this if for no other reason than that these people are also his potential customers.

Stresses Need for Management And Marketing Know-How

Next — and fourth — we should realize that the greatest need overseas is not American technical know-how but our management and marketing know-how.

One of U. S. Rubber's European subsidiaries readily absorbed our technical experience and even our accounting procedures. But they could see no real value at first in our forecasting methods, our salary administration, our management development, our cost analysis methods and our distribution methods.

We tell our managements abroad that to stay competitive we must use the modern methods (not necessarily American methods) which other European companies, particularly those with U. S. A. affiliation, are now using.

We should not delude ourselves that the United States dominates in technical ability. I doubt that we could teach the Europeans anything in science and they are making rapid progress in modern production methods. In this area, we are coming to the point where we need them as much as they need us.

For example, the French company Ugine has an electro-steel division that many regard as the most technically advanced in the world. Many large American steel companies have licensed their technical know-how.

We should take advantage of opportunities to exchange technical information with our friends abroad. I note that a number of American companies lately have set up laboratories in Europe, have provided financial aid to foreign universities and have set up channels to keep in touch with technical advances world-wide.

Containing Inflation

Suggestion number five — we can strongly resist inflation at home — both wage inflation and government spending inflation. I realize that some economists have recently announced that inflation has been brought to a standstill. They imply that we are in a new era in which unit costs, prices and the cost of living will remain stable.

I would like to believe this. But I can only observe that this theory runs counter to the whole course of history. I am afraid that inflationary pressures will continue and that we shall have to exert our utmost persuasion and fortitude to keep inflation within bounds.

I am pleased to note that the government is making an earnest effort to hold inflation in check. Also, private groups, notably the Advertising Council, deserve credit for their anti-inflation campaigns.

Meanwhile, let us remember that the Europeans are old hands at inflation, as well as deflation, fiscal controls, and currency management. They have been tempered in the hot fires of experience. Unless we continue to keep our guard up, we can work ourselves into an international money crisis, while our European friends might come through virtually unscathed.

Sharing Burden of Foreign Aid

My sixth and final suggestion is this: we can encourage our government to help narrow the dollar gap by urging the resurgent free nations abroad to share the burden of foreign aid to the less fortunate ones. This is not my exclusive idea. I have even heard it expressed by my fellow businessmen in free Europe. For one thing, they have an important stake in that they draw vital raw materials from the less favored nations to a larger relative degree than we do.

I have been glad to see that our State Department is encouraging other strong nations to pick up a share of aid to less developed countries. This trend will help the U. S. A. It should improve morale in the nations which share the responsibility. And, most important, it will advance the economic interdependence of the world and the prosperity of all through the greater ability of the less developed nations to trade in world markets.

And, speaking of these less developed nations, we should not overlook the fact that in some cases they offer businessmen much greater future markets than some of the European nations to which we are now giving our major attention. Such countries as India present untold opportunities for investment to develop broad new markets for the future.

Those are my six suggestions for ways to take advantage of our new opportunity in trade throughout the free world. If we will pursue this opportunity vigorously, we can produce a number of important results.

We can expect to get back a good return on our investment. Maybe this is result enough in itself. But there are others.

As Americans invest more abroad, they help increase standards of living overseas, which in turn helps equalize labor rates the world over.

As the interchange of goods and services across national borders increases, free nations will be drawn closer together economically. This will tend to unify the thinking of business people world-wide on sound economic policies, which will have its impact on politics in these countries.

This economic and political unity can become the greatest guarantee of peace the world has ever known. Because nations so bound together find it in their own self-interest to form a united defense front.

Other nations, as they develop and shake off the yoke of tradition, will be attracted to this prosperous free world trade area. As it grows, it will become a powerful magnet to draw in Russia, her satellites and Red China. Thus world economic freedom can lay a firm foundation for world peace.

The key to all of this is the course taken by businessmen of the free world during the next few years. We in the U. S. A. must play our part. Ours is the land where free enterprise started. We are the leaders of this economic system which is now rapidly spreading in favor across the globe.

Let us not be afraid to share our system and its benefits with friendly nations. We help ourselves, as well as others, as we work closely with businessmen in other countries. This cooperation might well lead to a free world economic community.

If Horace Greeley were here today, he might well advise us: "Go West, young man; also, go East, and North and South. In short, go global."

*An address by Mr. Humphreys before the Manufacturing Chemists' Association, White Sulphur Springs, W. Va., June 9, 1960.

Sherman Director

At a recent meeting of the Board of Directors of Deltown Foods, Incorporated, Irving H. Sherman, Vice President of A. G. Becker & Company, Incorporated, was elected a director of Deltown Foods, it was announced by Louis H. Sherman, President of Deltown.

STATE OF TRADE AND INDUSTRY

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warranted holding output at the previous week's level (61%).

The holiday-vacation slump in steelmaking put the scrap market under pressure, but *Steel's* price composite on No. 1 heavy melting steel held at $31.33 a gross ton for the fourth straight week.

The craze for compact cars in the U. S. means that metal consumption per car will decrease as compacts take over a larger share of the market, *Steel* said.

It reported average use of metal per car was 3,265 lb. in 1958. This year, the figure is down to an estimated 3,140 lb. By 1962, it should be around 3,000 lb.

But while metal consumption per car may go down, the number of cars made will climb during the 1960s. Actually, more parts will be produced and more material consumed by the auto industry.

This Week's Steel Output Based On 42.7% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *75.8% of steel capacity for the week, beginning July 4, equivalent to 1,218,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compare with the actual levels of *94.0% and 1,510,000 tons in the week beginning June 27.

Actual output for last week beginning June 27, 1960 was equal to 53% of the utilization of the Jan. 1, 1960 annual capacity of 148,570,970 net tons. Estimated percentage for this week's forecast based on that capacity is 42.7%.

A month ago the operating rate (based on 1947-49 weekly production) was *109.3% and production 1,756,000 tons. A year ago the actual weekly production was placed at 2,252,000 tons, or *140.2%.

*Index of production is based on average weekly production for 1947-49.

Electric Output 8.6% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday July 2, was estimated at 14,247,000,000 kwh., according to the Edison Electric Institute. Output was 34,000,000 kwh. above that of the previous week's total of 14,213,000,000 kwh. and showed a gain of 1,123,000,000 kwh., or 8.6% above that of the comparable 1959 week.

Auto Makers Plan 24.8% Output Cut in July

Ward's Automotive Reports said on July 1 that auto makers are planning a 24.8% drop in production during July from the estimated 610,000 cars turned out in June.

The drop off, *Ward's* said is a prelude to the forthcoming model changeovers that will start on a large-scale in the latter half of July.

Meanwhile, due to shorter production schedules and in anticipation of the long holiday weekend, *Ward's* said U. S. car volume fell off 9.7% in week ended July 2.

Ward's said that manufacturers built an estimated 127,511 cars compared with 141,247 a week ago. During the same week in 1959, 108,397 cars were produced.

The statistical agency said General Motors' share of this week's output was 45.3% while Ford Motor Co. accounted for 28.3%, Chrysler Corp., 17.3%, American Motors, 7.6% and Studebaker-Packard, 1.5%.

Ward's observed that Rambler and Ford Motor Co. compact car lines lowered their schedules from a six-day to a five-day week to allow their employees a three-day, Fourth-of-July holiday.

In addition, few plants operated on a five-day schedule, most working four days or less. Three facilities were shut down for vacations.

However, at Chrysler Corp., *Ward's* noted that Imperial closed out its 1960 model year run on Thursday, June 30, the first in the industry. Imperial 1960 model output reached an estimated 17,700 units, up 500 over the 1959 model period when 17,262 Imperials were built.

The reporting agency added that truck production was cut by 7.5% in the recent week. Total output was 23,995 vs. 25,938 last week. Two Chevrolet plants were idled two days and another one day while Divco in Detroit was still down for a second week of inventory adjustment.

Freight Car Loadings Drop 8% Over Last Year.

Loading of revenue freight for the week ended June 25, totaled 641,628 cars, The Association of American Railroads announced. This was a decrease of 56,169 cars or 8.0% below the corresponding week in 1959 but an increase of 14,443 cars or 2.3% above the corresponding week in 1958.

Loadings in the week of June 25 were 8,202 cars or 1.3% below the preceding week.

There were 11,096 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended June 18, (which were included in that week's over-all total). This was an increase of 1,956 cars or 21.4% above the corresponding week of 1959 and 5,323 cars or 92.2% above the 1958 week. Cumulative loadings for the first 24 weeks of 1960 totaled 253,503 for an increase of 67,741 cars or 36.5% above the corresponding period of 1959, and 138,836 cars or 121.1% above the corresponding period in 1958. There were 53 Class I U. S. railroad systems originating this type traffic in the current week compared with 49 one year ago and 40 in the corresponding week of 1958.

Lumber Shipments Were 2.5% Below Production

Lumber shipments of 463 mills reporting to the National Lumber Trade Barometer were 2.5% below production during the week ended June 25, 1960. In the same week, new orders of these mills were 3.4% below production. Unfilled orders of reporting mills amounted to 28% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 15 days' production at the current rate, and gross stocks were equivalent to 15 days' production at the current rate, and gross stocks were equivalent to 52 days' production.

For the year-to-date, shipments of reporting identical mills were 5.7% below production; new orders were 8.0% below production.

Compared with the previous week ended June 18, 1960, production of reporting mills was 2.1% below; shipments were 5.0% below; orders were 0.6% below. Compared with the corresponding week in 1959, production of reporting mills was 7.3% below; shipments were 9.2% below; and new orders were 4.2% below.

Business Failures Continue Drop for Week Ended June 30

Commercial and industrial failures, declining for the second week, were down to 278 in the week ended June 30 from 296 in the preceding week, reported Dun & Bradstreet, Inc. However, casualties continued above the year-ago level of 244 in the similar week, although they were moderately below the recession level of 292 in 1958. Some 5% more concerns failed in the comparable week of pre-war 1939 when 264 occurred.

Failures with liabilities of $5,000 or more dipped to 247 from 256 in the previous week, but exceeded the 215 of this size in the corresponding week of last year. Liabilities ran above $100,000 for 34 of the week's casualties as against 41 in the preceding week.

Wholesale Food Price Index Down Moderately From Prior Week

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., moved moderately lower this week to stand at $5.88 on June 28, down 0.5% from the $5.91 of the prior week and was the lowest since March 8 when it was $5.84. It compared with $6.08 on the corresponding date a year ago for a decrease of 3.3%.

Higher in wholesale price this week were flour, lard, milk, cocoa and eggs. Lower in cost were wheat, corn, beef, hams, sugar, coffee, potatoes, steers and hogs.

The Index represents the sum total of the price per pound of 31 raw food stuffs and meat in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Stays Close to Prior Week

Higher prices on some grains, hogs, steers, hides and tin offset declines on flour, coffee, lambs and rubber during the week holding the general commodity price level close to a week earlier. The Daily Wholsale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 271.39 (1930-32=100) on July 1, compared with 271.10 on Monday, June 27, and 277.34 on the comparable date a year ago.

Reports of limited supplies in some markets stimulated the buying of wheat last week and prices moved moderately higher. Expectations that yields of corn this year would be below those of the past two years resulted in increased trading and slightly higher prices.

In contrast rye prices dipped somewhat from a week earlier as trading was sluggish and supplies were ample. Oats prices finished unchanged from the preceding week and volume was steady. There was an appreciable rise in soybean prices, reflecting the anticipation of a lower than expected harvest and a step up in transactions.

With buyers waiting for the mills to post new prices, trading in flour dipped noticeably last week and prices were moderately lower. Export trading was dull, especially with Latin America. Although volume in sugar moved up somewhat, prices were down slightly from the prior week.

Despite reports of bad weather conditions in growing areas and a late harvest, domestic rice trading showed little change from a week earlier and prices dipped somewhat. There was a pick-up in export transactions, with sizable commitments made to India, South America, Africa, Europe and the Near East.

With supplies plentiful and trading unchanged, coffee prices slipped from a week earlier. There was a slight increase in cocoa prices, reflecting a rise in volume.

Limited supplies and steady trading resulted in an appreciable rise in hog prices during the week. Steer prices edged up fractionally and volume was moderately higher than a week earlier. Purchases of lambs dipped somewhat and prices were fractionally lower.

Prices on the New York Cotton Exchange finished close to the preceding period. United States exports of cotton in the week ended last Tuesday amounted to about 168,000 bales, compared with 82,000 a week earlier and 57,000 in the similar week a year earlier. For the current season through last Tuesday, exports came to about 6,474,000 bales, compared with 2,646,000 in the similar period last year.

Promotions Boost Retail Trade

Numerous early clearance sales promotions on summer merchandise helped over-all retail trade rise slightly over both the prior week and the similar period a year ago. Year-to-year gains in women's apparel, outdoor furniture, and new passenger cars offset slight dips in some appliances, linens, and draperies.

The total dollar volume of retail trade in the week ended June 29 was 1 to 5% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: Middle Atlantic +5 to +9; East North and South Atlantic +2 to +6; New England, East South Central, and Mountain 0 to +4; West North Central —3 to +1; West South Central and Pacific Coast —4 to 0.

Nationwide Department Store Sales Up 6% June 25 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended June 25, 1960, show an increase of 6% above the like period last year. In the preceding week, for June 18, an increase of 3% was reported. For the four weeks ended June 25, a 1% decrease was registered over the same period in 1959 while the Jan. 1 to June 25 period showed a 2% increase.

According to the Federal Reserve System department store sales in New York City for the week ended June 25 a 15% increase was reported over the like period last year. In the preceding week ended June 18 sales were 7% over the like period last year. For the four weeks ending June 25 a 2% increase was reported over the 1959 period, and from Jan. 1 to June 25 showed a 2% increase over 1959.

Commonwealth Edison Cited For Dresden Nuclear Plant

Chicago utility receives Edison Electric Institute's highest award.

Commonwealth Edison Company of Chicago on June 8 received the electric industry's highest honor, the Edison Award for "enlightened, significant contribution toward the development of economic nuclear power" in the completion and operation of the Dresden Nuclear Power Station, the nation's first large privately-financed power plant.

The Award also was given in recognition of the company's "outstanding efforts in the promotion of low-cost residential electric space heating." It was presented to Willis Gale, Chairman of Commonwealth Edison Company, by Allen S. King, President of the Edison Electric Institute, at the close of the Institute's 28th Annual Convention.

Commonwealth Edison Company was cited by the judges for an "enlightened, significant contribution toward the development of economic nuclear power, culminating in the achievement in 1959 of critical operation of the Dresden Nuclear Power Station, the country's first large reactor generating plant paid for by private enterprise — so soundly financed as to burden neither the customers nor the stockholders of the company, and for accomplishing the objective within the time and cost estimates—all exemplifying cooperative effort among electric utilities in the best tradition of the industry; for pioneering procedure in securing an operating license and for contributing importantly in the obtaining of substantial Federal third party indemnification; and also for outstanding efforts in the promotion of low-cost residential electric space heating."

The 180,000-kilowatt plant's nuclear power reactor is larger than any now in operation or under construction in the United States. Construction of Dresden was started in the Spring of 1957 and completed last Fall. On Oct. 15, 1959, Dresden went into critical operation with the achievement of its first chain reaction. The first electricity was generated in the Spring of this year, and full operation is scheduled for this Summer.

Sharing the research and development costs of the Dresden project were members of the Nuclear Power Group which, with Commonwealth Edison, included American Electric Power Company, Bechtel Corporation, Central Illinois Light Company, Illinois Power Company, Kansas City Power & Light Company, Pacific Gas and Electric Company and Union Electric Company.

In building Dresden, a contract price of $45,000,000 was established with the General Electric Company. Of this amount, Commonwealth is paying $30,000,000 and the balance is being paid by the members of the Nuclear Power Group, including Commonwealth, as a research and development expense. Additional site and overhead costs of about $6,000,000 will be paid by Commonwealth.

Commonwealth was selected for the Edison Award through a sequence of nominations by a panel representing every section of the nation, analysis of accomplishments of the nominated companies by a review committee, and a decision by a committee of judges. Judges were Dr. J. D. Ryder, Dean of Engineering, Michigan State University; C. W. Kellogg, Past President of the Edison Electric Institute; and Mr. King.

The Edison Award is given annually to an electric company "for distinguished contribution to the development of the electric light and power industry for the convenience of the public and the benefit of all."

Consisting of a gold medal for the winning company, and $1,000 for the company's employees' benefit fund, the Award has acquired national prominence in the public mind as well as in the electric industry for its significance in recognizing conscientious service and progressive development.

The presentation to Commonwealth Edison represents the second time the Edison Award has been given. It was presented for the first time last year, taking the place of the Charles A. Coffin Award, which was given annually from 1922 through 1957 in recognition of outstanding achievement in the industry.

J. B. Hanauer Co. Admits A. Dern

NEWARK, N. J.—J. B. Hanauer & Co., 9 Clinton Street, dealers in municipal bonds, have admitted Alvin Dern to general partnership in the firm.

Obtaining More Than Fair Bank Portfolio Performance

Continued from page 10

investment return derived from a policy of investing in Treasury Bills, two year, five year and about ten year maturities. For obvious reasons, each of the three periods commences during a low interest rate phase. In each instance, the shorter the maturity, the greater was the net realized return. The reason, of course, is the deterioration which takes place in principal during rising interest rates and this vulnerability of principal is the trap into which the search for income may well lead one. The initial income sacrifice in the periods covered was eventually more than recovered by the safety of principal as indicated by the data in the periods we selected. We all pay insurance premiums for various types of protection; in portfolio management, we would do well to consider the sacrifice of income as the payment of an insurance premium for stability of principal during periods of low interest rates.

Reversing Procedure During High Interest Rates

During periods of high money rates and relatively low bond prices, we reverse the procedure and shift our emphasis to the somewhat longer sector of the maturity ranges discussed. At such times, short term rates may equal or exceed the longer rates — a declining yield curve may exist. We extend maturities because the probabilities point toward a declining yield pattern in the future and we again sacrifice income. This time, the sacrifice, or the payment of the insurance premium, is to insure the continuity of income. Under such conditions, the search for income would lead us to concentrate our funds in the short term area, but such action would again trap us into an unfavorable market situation — one wherein an important proportion of our portfolio could be refunded at less attractive market rates within a short period of time.

There is an old saying in the market which runs "Never extend when income is needed, never stay short when income is not needed." A flexible approach to portfolio management reflects this axiom. It is important, however, that one realize that unlike Carnegie, we can never place all our eggs in one basket, and, therefore, we are not moving the entire portfolio as we shift emphasis. We are doing nothing more than emphasizing special areas in the over-all maturity pattern.

Assumptions Underlying Advice

While this process sounds reasonable it is logical to ask how it can be effectively implemented since we really only know the highs and lows of the market in retrospect. It should be pointed out that the policy is not designed to forecast the highs and lows of the market, but simply to invest in accordance with relative market conditions. To begin with, we must accept certain basic assumptions: (1) that our economy has a cyclical bent to it, (2) that the monetary authorities will exercise their powers in a counter-cyclical manner, and (3) that the net reserve position of the banking system will reflect in larger part the availability or unavailability of short term money. These three assumptions seem reasonable.

During boom periods characterized by a high level of economic activity, credit demands will be important, monetary policy will accentuate tight money conditions, and net borrowed reserves will rise to an important level. During the development of this type of situation, money rates will rise and bond prices decline. Similarly, during a period of business recession, credit demands will slacken, monetary policy will tend to accentuate the ease in credit, and net free reserves will rise to an important level. The bond market will be characterized essentially by rising prices and declining rates.

As a guide to flexible portfolio management, then consideration might be given to the use of the net reserve position of the banking system since this measure tends to reflect the relative degree of money tightness. The experience of the past decade shows fluctuations ranging from a net free reserve figure of around $500 million to a net borrowed reserve position of about $500 million, To use a moderately conservative approach, one might say "warning flags," indicating the potential desirability of a shift in portfolio emphasis, should be raised by the movement of the net reserve position of the banking system into and beyond the $200-$300 million free or borrowed reserve ranges on a sustained basis. In other words, as net free reserves move above the $200-$300 million level, the portfolio manager should be put on notice that he ought to begin to consider the feasibility of emphasizing the short term sector of the portfolio with new funds and funds available for reinvestment, accepting lower rates to insure future protection of principal. As net borrowed reserves move beyond the $200-$300 million level, he should be put on warning that he ought to begin to consider the feasibility of shifting his emphasis away from the shorter sector to the longer sector. Obviously, other factors must be taken into consideration to confirm such a policy before it is implemented, but the net reserve position should serve as a good bench mark for such policy reappraisal.

In this connection, consider changes in the 91 day bill rate and the net reserve position of the banking system, using quarterly averages of weekly data, for the period 1951-59. From 1951-53, there is little correlation between the two areas and one might attribute this to the period of transition from the pegged to the flexible market rates. However, ever since the market relearned its lesson in early 1952-53, the bill rate and net reserve status of the banking system have pursued very similar patterns, and the bond market has followed the bill market in trends, although not in degree. I present this simply to point up the relative value of the net reserve position of the banking system as a major bench mark in portfolio policy development.

To me, the management of a commercial bank's investment portfolio is a fascinating, let alone important, phase of the banking operation. It has many facets, and I have treated very briefly with what I consider to be a major policy approach. An unyielding attitude has its drawbacks, and certainly makes no use of our special training in money matters. Similarly, the aggressive search for income leads one into pitfalls which all too often are regretted for years to come. A somewhat more patient approach, and a policy which relates the employment of funds to the internal needs of the bank as well as to the external degree of monetary tightness in the banking system should pay off in a materially better than average portfolio performance.

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*From a talk by Mr. Lyon before the 74th Annual Convention of Michigan Bankers Association, Mackinac Island, Michigan, June 20, 1960.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Insurance Stocks

MARYLAND CASUALTY COMPANY

The stock of this leading multiple-line insurance company represents underwriting risks well diversified geographically. Of the direct premiums written in 1959 the percentages divided as follows: Texas 9%, New York 8%, Pennsylvania 7%, Massachusetts 6%, California 6%, Illinois 5%, New Jersey 5%, Maryland 4%, Louisiana 4%, and other states 46%. Incorporated in 1898, Maryland Casualty is licensed in all of the states and territories of the United States and in Canada, Cuba and Panama. Coverage of markets is executed through 10,000 agents and brokers; 36 branch offices are in operation.

Diversification by insurance lines is more limited. Fire and allied lines accounted for 17.3% in 1959 while casualty lines covered 80.5% of the total premiums written. As recent as 1948, following the passage by most States of laws permitting the writing by one corporation of fire, inland marine and casualty insurance and fidelity and surety bonds, Maryland commenced writing fire and theft insurance on automobiles. In 1951 the writings of fire insurance on properties and inland marine insurance were inaugurated.

The company has no subsidiaries, a quite unique factor. Property insurance lines in particular have increased rapidly during the past decade, as a percentage to total business written, to provide a more reasonable balance for a multiple-line operation. Among insurance lines not offered presently are ocean marine, title, life and annuities. Recently management reiterated "while we continue to give close attention to the competitive situation which may ultimately make it essential that we enter the field of life insurance, we have at this time no intention of doing so."

An improved selection of assureds, through the experimental program of low cost auto insurance for better risk classifications, has been put into operation. Although underwriting experience in recent years has suffered from heavy losses in the automobile bodily injury line, but to the high incidence of traffic accidents and high costs of claim settlements, additional benefits of rate increases in many states may enable Maryland to put this important line back into a profitable operation. For auto lines, on average, nearly two years are required for rate increases to become fully translated into resulting underwriting performance.

The four leading casualty lines at the end of 1959 were Auto Liability (Body) 23.3%, Workmen's Compensation 17.2%, Auto Liability (Property) 11.3%, and Other Liability (Body) 9.5%. The leading fire line by far is Auto Physical Damage at 9.4% of total premiums written.

Selected Statistics — Growth and Underwriting Control

Year	—Net Premiums— Written*	Earned*	Admitted Assets*	Loss Ratio†	Expense Ratio‡	Profit Margins
1959 ------	$132.0	$132.5	$240.6	64.0%	37.3%	—1.3%
1958 ------	125.2	119.8	231.4	62.8	38.1	—0.1
1957 ------	119.0	114.8	208.0	68.2	37.9	—6.1
1956 ------	113.7	108.4	204.2	62.8	37.9	—0.7
1955 ------	103.4	98.1	196.0	56.0	37.4	6.6

*In millions of $.
†Losses incurred to premiums earned. ‡Expenses incurred to premiums written.

The table presented indicates the healthy growth trend in premiums written and in admitted assets; the former have increased 120% since 1949, and the latter, 126%. In 1959 premium volume increased 5.4% from 1958. During the first quarter period of 1960 premiums increased further by nearly 3% and underwritings produced a 0.4% profit margin, as compared to a —1.0% loss for the first quarter of 1959. Emergence from prolonged loss experience is indicated.

Per Share Statistics

Year	Approx. Bid Price Range	Investment Income	Combined Earnings	Dividends	Approx. Book Value
1960------	39 - 32	----	----	$1.50	----
1959------	43 - 31	$2.95	$2.19	1.50	$43.95
1958------	45 - 28	2.72	3.31	1.50	43.40
1957------	39 - 26	2.57	—0.47	1.50	35.36
1956------	38 - 30	2.37	1.65	1.50	38.71
1955------	45 - 36	2.16	3.69	1.43	40.99
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1949------	19 - 12	1.44	4.16	0.75	19.66

The gain to stockholders, measured by the increase in adjusted book value plus dividends declared, during the past 10 years, has been among the highest of the fire-casualty insurance companies. Growth in investment income also has been above average. Investment income for 1959 increased 8.4% to $2.75 over 1958. The investment policy followed is conservative with 55% of the company's 1959 portfolio invested in bonds. Investments in tax-exempt bonds have resulted in the effective tax rate on investment income being lowered to 11.5% from 19.9% in 1955. Common stocks accounted for 26% of assets, unchanged from 1958. With further gains in investment income indicated, combined earnings should show substantial improvement during the period ahead.

The gain in earnings in 1959 from 1958 could be easily misinterpreted since a tax refund is included in the 1958 figure. Although available, the company chose not to include a tax refund for 1959. Maryland entered 1960 with a tax credit carry-forward of about $1.35 a share, which can be used to reduce taxes during the period through 1962.

At the recent price of 36, a 4.2% yield is obtained on the current $1.50 dividend. Should underwriting recovery be sustained, an increase in the dividend rate is a possibility by the end of this year. The payout is low at only 51% of investment income. The stock of this large multiple-line company can be considered a high quality marketable investment with an attractive yield for a casualty stock. Presently the issue is selling at a considerable discount from book value.

Phillips With Elkins, Morris

PHILADELPHIA, Pa. — Elkins, Morris, Stokes & Co., Land Title Building, members of the New York Stock Exchange and other leading exchanges, announce that Edward J. Phillips, a former partner of Samuel K. Phillips & Co., is now associated with their Philadelphia office as a registered representative.

Edward J. Phillips

Mr. Phillips, who is a member of the Philadelphia-Baltimore Stock Exchange, has been active in the investment securities business since 1927. He became a general partner of Samuel K. Phillips & Co. in 1939.

H. A. Riecke Co. N. Y. C. Office

H. A. Riecke & Co., Incorporated, members of the New York Stock Exchange and other leading exchanges, announce the opening of an office in New York City at 50 Broadway and the association with them of Fred J. Herrmann, former partner of Kurt Werner & Co., as manager of the New York office.

H. A. Riecke & Co., Inc., also announced that Kurt Werner and John A. Halmburger, former partners of Kurt Werner & Co., an investment securities firm founded in 1931, have acquired an interest in H. A. Riecke & Co., Inc.

In addition to its headquarters office in Philadelphia and new office in New York City, H. A. Riecke & Co., Inc., has offices in Clearfield, Pa., Wilkes-Barre, Pa., and Daytona Beach, Fla.

Watling, Lerchen Opens N. Y. Branch

Watling, Lerchen & Co., members of the New York Stock Exchange and other leading exchanges, has opened a branch office in New York City at 120 Broadway. Joseph McMillan Hinshaw, Jr., a partner in the firm, will be resident manager.

Allan B. Bogardus will be in charge of sales and syndicate department of the new office.

B. B. Katz With Halle, Stieglitz

Halle & Stieglitz, 52 Wall Street, New York City, members of the New York Stock Exchange and other principal exchanges, announces that Benson B. Katz is now associated with the firm in the retail sales department. He was formerly retail sales manager for Joseph Walker & Sons.

Securities Now in Registration

★ **INDICATES ADDITIONS SINCE PREVIOUS ISSUE**
• **ITEMS REVISED**

NOTE—Because of the large number of issues awaiting processing by the SEC, it is becoming increasingly difficult to predict offering dates with a high degree of accuracy. The dates shown in the index and in the accompanying detailed items reflect the expectations of the underwriter but are not, in general, to be considered as firm offering dates.

A. K. Electric Corp.
May 4 (letter of notification) 100,000 **shares** of common stock (par one cent). **Price—$3 per share. Proceeds—** For general corporate purposes. **Office—**231 Front St., Brooklyn, N. Y. **Underwriter—**Hilton Securities, Inc., 580 Fifth Ave., New York, N. Y. **Offering—**Imminent.

Agricultural Research Development, Inc.
May 23 (letter of notification) 120,000 **shares** of common stock (par five cents). **Price—$2.50 per share. Proceeds** —For construction of buildings, **purchase of** equipment and for working capital. **Address—Wiggins,** Colo. **Underwriter—**Ladet & Co., Inc., **Denver, Colo.**

Alaska Empire Gold Mining Co.
April 12 (letter of notification) **$300,000 of 6%** income notes to be offered in multiples of **$100 each. Price—**At face value. **Proceeds—**For mining **expenses. Address—** Juneau, Alaska. **Underwriter — Stauffer** Investment Service, 1206 N. W. 46th Street, Oklahoma City, Okla.

• **Alderson Research Laboratories, Inc. (7/18-22)**
May 26 (letter of notification) 100,000 **shares** of common stock (par 10 cents). **Price—$3** per share. **Proceeds—**For general corporate purposes. **Office—**48-14 33rd St., Long Island City, N. Y. **Underwriter —** Morris Cohon & Co., New York, N. Y.

Allegheny Pepsi Cola Bottling Co.
June 9, 1960, filed 200,000 shares of common stock and $500,000 of first mortgage bonds, due 1963 through 1972. **Price —** $5 per common share, and bonds at 100% of principal amount. **Proceeds—**To purchase the outstanding shares of the Cloverdale Spring Co., and the balance for the general funds. **Office—**Guildford Ave., Baltimore, Md. **Underwriter—**Weil & Co. of Washington, D. C.

Allied Bowling Centers, Inc.
Dec. 29 filed $750,000 of sinking fund debentures and 300,000 shares of capital stock, to be offered in units of $75 principal amount of debentures and 30 shares of stock. **Price—**$108 per unit. **Proceeds—**For general corporate purposes. **Office—**Arlington, Texas. **Underwriter** —Rauscher, Pierce & Co., Inc., Dallas. **Note —** This offering has been postponed.

Ameco Electronic Corp. (7/25-29)
May 19 (letter of notification) 100,000 **shares** of common stock (par 10 cents). **Price—$3** per share. **Proceeds—** For general corporate purposes. **Office —** 37 E. 18th Street, New York, N. Y. **Underwriter—**Palombi Securities Co., New York, N. Y.

American Bowla-Bowla Corp. (7/25-29)
April 15 filed 100,000 shares of common stock and warrants for the purchase of an additional 50,000 shares, The company proposes to offer these securities for public sale in units consisting of two shares of stock (par 25 cents) and one warrant. **Price—**$6.25 per unit. **Proceeds—**To cover an initial installment on the purchase price of two additional bowling centers; for furniture and fixtures thereon; and the balance to be added to working capital and be available for general corporate purposes. **Office—**400 38th St., Union City, N. J. **Underwriter—**Hill, Thompson & Co., Inc., New York.

American Can Co. (7/15)
June 16, 1960, filed 12,000 shares of 7% cumulative preferred stock (par 25), and 264,000 shares of common stock ($12.50 par). **Price—**To be supplied by amendment. **Proceeds—**To the estate of Paul Moore, selling stockholder. **Office—**100 Park Ave., New York City. **Underwriters —** Merrill Lynch, Pierce, Fenner & Smith Inc.; Clark, Dodge & Co.; Glore, Forgan & Co.; Dean Witter & Co.

American Can Co. (7/13)
June 16, 1960, filed $40,000,000 of 30-year debentures. **Price—**Offering price and interest rate to be supplied by amendment. **Proceeds—**For the reduction of short-term loans and the balance for the general funds. **Office—**100 Park Ave., New York City. **Underwriters—**Morgan Stanley & Co. and Clark, Dodge & Co.

American Electronics, Inc. (7/18-22)
June 13, 1960, filed 300,000 shares of common stock (par $1). **Price—**To be supplied by amendment. **Proceeds—** For general corporate purposes including construction and debt reduction. **Office —** 1725 West Sixth St., Los Angeles, Calif. **Underwriter—**Shields & Co., New York City.

• **American League Professional Football Team of Boston, Inc. (7/18-22)**
June 3 filed 120,000 shares of common stock (par $1). **Price —** To be supplied by amendment. **Proceeds —** For improvement of the Boston University Field, and the balance to pay organization expenses and for working capital. **Office —** 522 Commonwealth Avenue, Boston, Mass. **Underwriters—**Estabrook & Co. and F. S. Moseley & Co. both of Boston, Mass.; and Tucker, Anthony & R. L. Day and White, Weld & Co. both of New York City.

Continued on page 35

NEW ISSUE CALENDAR

July 8 (Friday)

Laclede Gas Co. ... **Common**
(Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith, Inc.; and Reinholdt & Gardner) Offering to stockholders—243,600 shares

Mississippi River Fuel Corp. ... **Debentures**
(Eastman Dillon, Union Securities & Co.) $24,000,000

New Britain Gas Light Co. ... **Common**
(Offering to stockholders—underwritten by Putnam & Co.) 16,000 shares

Obear-Nester Glass Co. ... **Common**
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 210,045 shares

Safticraft Corp. ... **Common**
(George, O'Neill & Co., Inc.) $825,000

Triumph Storecrafters Corp. ... **Common**
(Hardy & Hardy and First Southeastern Co.) 145,000 shares

United Research Inc. ... **Common**
(Smith, Barney & Co.) $300,000

July 11 (Monday)

American Sterilizer Co. ... **Common**
(Glore, Forgan & Co. and Fulton, Reid & Co., Inc.) 150,000 shs.

Automatic Cafeterias for Industry, Inc. ... **Common**
(Richard Gray Co.) $126,600

Brook Labs. Co., Inc. ... **Common**
(Sandkuhl & Company, Inc. and J. J. Magaril Co.) $297,000

Bruce National Enterprises, Inc. ... **Common**
(George, O'Neill & Co., Inc.) $2,010,000

Cellomatic Battery Corp. ... **Units**
(Willis E. Burnside & Co., Inc.) $300,000

Chemtree Corp. ... **Common**
(Havener Securities Corp.) $262,750

Chemical Packaging Co., Inc. ... **Common**
(Mainland Securities Corp. and Jeffrey-Robert Corp.) $287,500

Commercial Credit Co. ... **Notes**
(First Boston Corp. and Kidder, Peabody & Co.) $50,000,000

Conetta Manufacturing Co., Inc. ... **Common**
(Pearson, Murphy & Co., Inc.) $500,000

Control Data Corp. ... **Common**
(Dean Witter & Co.) 125,000 shares

Drugs Associates, Inc. ... **Units**
(Fidelity Securities & Investment Co., Inc.) $110,000

E. S. C. Electronics Corp. ... **Common**
(Laird, Bissell & Meeds) $300,000

Edgerton, Germeshausen & Grier, Inc. ... **Common**
(Kidder, Peabody & Co.) 120,000 shares

Glass Magic Boats, Inc. ... **Common**
(R. A. Holman & Co., Inc.) 68,000 shares

Glass Magic Boats, Inc. ... **Debentures**
(R. A. Holman & Co., Inc.) $51,000

Laclede Gas Co. ... **Bonds**
(Bids 11:00 a. m. EDT) $10,000,000

Midwest Technical Development Corp. ... **Common**
(Offering to stockholders—underwritten by Shearson, Hammill & Co. and Piper, Jaffray & Hopwood) 561,500 shares

Namm-Loeser's Inc. ... **Common**
(Offering to stockholders—Underwritten by Ladenburg, Thalmann & Co.) 217,278 shares

Pauley Petroleum Inc. ... **Debentures**
(William R. Staats & Co.) $10,000,000

Polycast Corp. ... **Debentures**
(M. L. Lee & Co., Inc. and Milton D. Blauner & Co., Inc.) $400,000

Polycast Corp. ... **Common**
(M. L. Lee & Co., Inc. and Milton D. Blauner & Co., Inc.) 20,000 shares

Reeves Broadcasting & Development Corp. ... **Com.**
(Laird & Co. Corp.) $2,336,960

Sav-A-Stop, Inc. ... **Common**
(Pistell, Crow Inc.) $450,000

Sea-Highways, Inc. ... **Common**
(John R. Maher Associates) $300,000

Seaway Shopping Centers, Inc. ... **Units**
(John R. Eoland & Co., Inc.) $900,000

Swimming Pool Development Co., Inc. ... **Common**
(Marron, Sloss & Co., Inc.) $1,250,000

United States Boat Corp. ... **Common**
(Richard Bruce & Co., Inc.) $700,000

July 12 (Tuesday)

Central Illinois Electric & Gas Co. ... **Bonds**
(11:30 a.m.) $10,000,000

Liberty Records, Inc. ... **Common**
(Crowell, Weedon & Co.) $1,200,000

Skyline Homes, Inc. ... **Common**
(Rodman & Renshaw) 115,000 shares

July 13 (Wednesday)

American Can Co. ... **Debentures**
(Morgan Stanley & Co. and Clark, Dodge & Co.) $40,000,000

Dalto Corp. ... **Common**
(No underwriting) 134,739 shares

Equitable Leasing Corp. ... **Common**
(Courts & Co.) $100,000

Hotel Corp. of America ... **Debentures**
(Bache & Co. and Bear, Stearns & Co.) $1,500,000

Kenrich Petrochemicals, Inc. ... **Common**
(First Philadelphia Corp.) $192,500

Kenrich Petrochemicals, Inc. ... **Debentures**
(First Philadelphia Corp.) $175,000

Navigation Computer Corp. ... **Common**
(Drexel & Co. and Townsend, Crouter & Bodine) 50,709 shares

Northern Illinois Gas Co. ... **Bonds**
(Bids 10:00 a. m. CDST) $30,000,000

Papercraft Corp. ... **Common**
(Offering to stockholders—underwritten by Eastman Dillon, Union Securities & Co.) 130,063 shares

Texas Capital Corp. ... **Common**
(Dempsey-Tegeler & Co.) 350,000 shares

July 14 (Thursday)

Oxford Manufacturing Co., Inc. ... **Common**
(W. C. Langley & Co. and Courts & Co.) 240,000 shares

Varian Associates ... **Capital**
(Offering to stockholders—underwritten by Dean Witter & Co.) 216,645 shares

July 15 (Friday)

American Can Co. ... **Common**
(Merrill Lynch, Pierce, Fenner & Smith, Inc.; Clark, Dodge & Co.; Glore, Forgan & Co. and Dean Witter & Co.) 264,000 shs.

American Can Co. ... **Preferred**
(Merrill Lynch, Pierce, Fenner & Smith, Inc.; Clark, Dodge & Co.; Glore, Forgan & Co. and Dean Witter & Co.) 12,000 shares

Basic, Inc. ... **Common**
(The First Boston Corp.) 123,808 shares

Cold Lake Pipe Line Co., Ltd. ... **Common**
(Michael Fieldman) 200,000 shares

Compressed Concrete Construction Corp. ... **Common**
(Capital Accumulation Corp.) $300,000

Edwards Engineering Corp. ... **Common**
(Sandkuhl & Company, Inc.) $297,500

Hampshire Gardens Associates ... **Units**
(B. C. Morton & Co., Inc.) $376,000

Pacotronics, Inc. ... **Common**
(Myron A. Lomasney & Co.) $600,000

Willer Color Television System, Inc. ... **Common**
(Equity Securities Co.) $242,670

July 18 (Monday)

Alderson Research Laboratories, Inc. ... **Common**
(Morris Cohon & Co.) $300,000

American Electronics, Inc. ... **Common**
(Shields & Co.) 300,000 shares

American League Professional Football Team of Boston, Inc. ... **Common**
(Estabrook & Co.; F. S. Moseley & Co.; Tucker, Anthony & R. L. Day and White, Weld & Co.) 120,000 shares

American Rubber & Plastics Corp. ... **Common**
(Hornblower & Weeks) 200,000 shares

Arnoux Corp. ... **Common**
(Shearson, Hammill & Co.) 133,000 shares

Astrotherm Corp. ... **Units**
(Ross, Lyon & Co., Inc. and Globus, Inc.) $616,000

Aviation Employees Corp. ... **Common**
(Sterling, Grace & Co.) $5,000,000

Avnet Electronics Corp. ... **Common**
(Hemphill, Noyes & Co.) 150,000 shares

Avnet Electronics Corp. ... **Conv. Debentures**
(Hemphill, Noyes & Co.) $2,000,000

Cubic Corp. ... **Capital**
(Hayden, Stone & Co.) 50,000 shares

Dechert Dynamics Corp. ... **Common**
(Plymouth Securities Corp.) $300,000

Espey Mfg. & Electronics Corp. ... **Common**
(Sutro Bros. & Co.) 80,000 shares

Federal Steel Corp. ... **Common**
(Westheimer & Co.) $295,000

Federated Electronics, Inc. ... **Common**
(J. B. Coburn Associates, Inc.) $300,000

Futterman Corp. ... **Class A**
(Van Alstyne, Noel & Co.) 660,000 shares

Lamtex Industries, Inc. ... **Common**
(Finkle, Seskis & Wohlstetter) $500,000

Liberian Iron Ore Ltd. ... **Units**
(White, Weld & Co., Inc.) 30,000 units

National Patent Development Corp. ... **Common**
(Globus, Inc. and Ross, Lyon & Co.) $150,000

Pyramid Electric Co. ... **Common**
(No underwriting) $291,443.75

Republic Ambassador Associates ... **Units**
(Lee Higginson Corp.) $10,000,000

July 19 (Tuesday)

New Jersey Power & Light Co. ... **Bonds**
(11:00 a.m. EDT) $5,000,000

July 20 (Wednesday)

Atlantic Coast Line RR. ... **Equip. Trust Ctfs.**
(Bids to be invited) $4,815,000

Drug Fair-Community Drug Co., Inc. ... **Common**
(Auchincloss, Parker & Redpath) 150,000 shares

Drug Fair-Community Drug Co., Inc. ... **Units**
(Auchincloss, Parker & Redpath) $500,000

Electromagnetic Industries, Inc. ... **Common**
(Flomenhaft, Seidler & Co., Inc.) $300,000

July 21 (Thursday)

Southern Pacific Co. ... **Equip. Trust Ctfs.**
(Bids to be invited) $6,000,000

July 25 (Monday)

Ameco Electronic Corp. ... **Common**
(Palombi Securities Co.) $300,000

American Bowla Bowla Corp. ... **Units**
(Hill, Thompson & Co., Inc.) $312,500

American Research & Development Corp. ... **Com.**
(Lehman Brothers) 350,000 shares

Associated Testing Laboratories, Inc. ... **Common**
(Drexel & Co.) 75,000 shares

Buzzards Bay Gas Co. ... **Common**
(Coffin & Burr, Inc.) 27,000 shares

Campbell Machine, Inc. ... **Common**
(J. A. Hogle & Co.) 102,500 shares

Chicago Musical Instrument Co. ... **Common**
(Smith, Barney & Co.) 260,000 shares

Colorado Real Estate & Development, Inc. ... **Com.**
(Adams & Peck) $750,000

Evans Rule Co. ... **Common**
(McDonnell & Co., Inc.) 145,000 shares

Florida Capital Corp. ... **Common**
(A. C. Allyn & Co., Inc.) 500,000 shares

General Sales Corp.________________________Common
(B. Fennekohl & Co., Inc.) 90,000 shares

Transnation Realty Corp.____________Debentures
(Ross, Lyon & Co., Inc. and Globus, Inc.) $700,000

Transnation Realty Corp.________________Common
(Ross, Lyon & Co., Inc. and Globus, Inc.) 70,000 shares

Transnation Realty Corp.______________Warrants
(Ross, Lyon & Co., Inc. and Globus, Inc.) 35,000

Gulf-Tex Development, Inc._______________Common
(Myron A. Lomasney & Co.) $1,250,000

Inter-County Telephone & Telegraph Co.___Com.
(Dean Witter & Co.) 125,000 shares

Metropolitan Development Corp.___________Capital
(William R. Staats & Co.; Bache & Co. and Shearson, Hammill & Co.) 1,000,000 shares

State Loan & Finance Corp.____________Debentures
(Johnston, Lemon & Co. and Eastman Dillon, Union Securities & Co.) $20,000,000

Stelma, Inc.________________________________Common
(Amos Treat & Co., Inc.) 175,000 shares

Telephone & Electronics Corp.____________Common
(Equity Securities Co.) $264,900

Variable Annuity Life Insurance Co. of America ________________________________Common
(John C. Legg & Co.) 1,000,000 shares

Wheeler Fibre Glass Boat Corp.___________Common
(Morris Cohon & Co.) $400,000

July 26 (Tuesday)

Consumers Power Co.___________________Debentures
(11:00 a.m. EDT) $38,101,600

El Paso Natural Gas Co.___________________Common
(Offering to stockholders—White, Weld & Co. Inc.) 1,140,000 shares

Fitchburg Paper Co.________________________Common
(White, Weld & Co.) 325,000 shares

Southern Counties Gas Co._____________________Bonds
(Bids to be invited) $22,000,000

July 27 (Wednesday)

Seaboard Air Line RR.__________Equip. Trust Ctfs.
(Bids to be invited) $3,030,000

July 28 (Thursday)

Black Hills Power & Light Co.______________Common
(Offering to stockholders—underwritten by Dillon, Read & Co., Inc.) 32,842 shares

August 1 (Monday)

Custom Craft Marine Co., Inc._____________Common
(R. A. Holman & Co., Inc.) $255,000

Electri-Cord Manufacturing Co., Inc.________Common
(E. M. North Co., Inc.) 299,700

Itemco, Inc.______________________________Common
(Morris Cohon & Co. and Schrijver & Co.) $500,000

Kings Electronics Co., Inc.___________________Units
(Ross, Lyon & Co., Inc.; Globus, Inc.; Reich & Co.; Harold C. Shore & Co. and Godfrey, Hamilton, Magnus & Co.) $800,000

Lestoil Products, Inc._______________________Units
(Paine, Webber, Jackson & Curtis and Alex. Brown & Sons) $4,125,000

United Aero Products Corp.________________Common
(L. C. Wegard & Co.; Street & Co., Inc.; Woodcock, Moyer, Fricke & French; First Broad Street Corp. Russell & Sax and V. S. Wickett & Co., Inc.) $300,000

August 2 (Tuesday)

Southwestern Bell Telephone Co._______Debentures
(11 a.m. EDT) $100,000,000

August 8 (Monday)

Consolidated Research & Mfg. Corp.__________Units
(Bertner Bros.) $325,000

Narragansett Capital Corp.________________Common
(G. H. Walker & Co.) $11,000,000

Norwalk Co., Inc._________________________Common
(Myron A. Lomasney & Co.) 100,000 shares

Roto American Corp._______________________Common
(Morris Cohon & Co.) 75,000 shares

August 10 (Wednesday)

Capri Pools, Inc.___________________________Common
(Nassau Securities Service) $125,000

August 15 (Monday)

Gold Medal Packing Corp.________Conv. Preferred
(Ernst Wells, Inc.) $400,000

National Capital Corp._____________________Common
(J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc.) $1,200,000

August 17 (Wednesday)

Harcourt, Brace & Co., Inc.________________Common
(White, Weld & Co.) 493,425 shares

Natural Gas Pipeline Co. of America____Cum. Pfd.
(Dillon, Read & Co., Inc.) 150,000 shares

Natural Gas Pipeline Co. of America______Bonds
(Dillon, Read & Co., Inc. and Halsey, Stuart & Co. Inc.) $25,000,000

August 22 (Monday)

Chematomics, Inc. __________________________Common
(Pleasant Securities Co.) $564,900

Deluxe Aluminum Products, Inc.____________Common
(R. A. Holman & Co., Inc.) $350,000

Deluxe Aluminum Products, Inc.________Debentures
(R. A. Holman & Co., Inc.) $330,000

Pearson Corp.______________________________Common
(R. A. Holman & Co., Inc.) 50,000 shares

August 23 (Tuesday)

Michigan Bell Telephone Co.__________Debentures
(Bids to be invited) $35,000,000

Southern California Edison Co._______________Bonds
(Bids to be invited) $60,000,000

August 29 (Monday)

Electro-Tec Corp. __________________________Common
(Harriman Ripley & Co., Inc.) 135,000 shares

Lee Filter Corp.___________________________Capital
(Myron A. Lomasney & Co.) $962,500

September 1 (Thursday)

Rochester Telephone Co.______________________Bonds
(Bids to be received) $12,000,000

September 13 (Tuesday)

Virginia Electric & Power Co._______________Bonds
(Bids to be invited) $25,000,000

September 14 (Wednesday)

Utah Power & Light Co.______________________Bonds
(Bids to be invited) $16,000,000

Utah Power & Light Co.___________________Preferred
(Bids to be invited) $10,000,000

September 20 (Tuesday)

Public Service Electric & Gas Co.___________Bonds
(Bids to be invited) $50,000,000

September 26 (Monday)

Cavitron Corp. ____________________________Common
(No underwriting) $600,000

September 27 (Tuesday)

Indianapolis Power & Light Co.______________Bonds
(11:00 a. m. N. Y. Time) $12,000,000

September 28 (Wednesday)

New York Telephone Co.______________________Bonds
(Bids to be received) $60,000,000

New York Telephone Co.____________________Common
(Bids to be received) $120,000,000

October 4 (Tuesday)

Alberta Gas Trunk Line Co.___________________Bonds
(No underwriting) $65,000,000

San Diego Gas & Electric Co._________________Bonds
(Bids to be invited) $25,000,000

October 6 (Thursday)

Columbia Gas System, Inc._____________Debentures
(Bids to be invited) $30,000,000

October 18 (Tuesday)

Louisville Gas & Electric Co._________________Bonds
(Bids to be invited) $16,000,000

October 19 (Wednesday)

Union Electric Co.___________________________Bonds
(Bids 11 a.m. EDT) $50,000,000

October 20 (Thursday)

Florida Power Corp._________________________Bonds
(Bids to be invited) $25,000,000

November 3 (Thursday)

Georgia Power Co.___________________________Bonds
(Bids to be invited) $12,000,000

December 6 (Tuesday)

Northern States Power Co. (Minn.)__________Bonds
(Bids to be invited) $35,000,000

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American Mortgage Investment Corp.
April 29 filed $1,800,000 of 4% 20-year collateral trust bonds and 1,566,000 shares of class A non-voting common stock. It is proposed that these securities will be offered for public sale in units (2,000) known as Investment Certificates, each representing $900 of bonds and 783 shares of stock. **Price**—$1,800 per unit. **Proceeds**—To be used principally to originate mortgage loans and carry them until market conditions are favorable for disposition. **Office** — 210 Center St., Little Rock, Ark. **Underwriter**—Amico, Inc.

American Penn Life Insurance Co.
March 30 filed registration of 127,500 shares of capital stock (par $10) being offered for subscription by stockholders of record on April 28, 1960 with rights to expire on July 11 at 3:30 p.m. (EDST). Subscription rate on 105,000 shares of the stock will be three additional shares for each one share held. Of the remaining 22,500 shares the offering will be on the basis of nine shares for each 14 shares held, and all unsold shares of this block will be offered under warrants granted in accordance with the company's Agent's Stock Option Plan. **Price**—$28 per share. **Proceeds** — To increase capital and surplus. **Office**—203 S. 15th St., Philadelphia, Pa. **Underwriter**—None.

American Research & Development Corp. (7/25-8/12)
June 28, 1960, filed 350,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and will be available for investment in accordance with its investment policies, as the management may approve, (a) in new projects and (b) in company in which the issuer has already invested funds. **Office**—200 Berkeley St., Boston, Mass. **Business**—Registered investment company. **Underwriter**—Lehman Brothers, New York.

● American Rubber & Plastics Corp. (7/18-22)
May 11 filed 200,000 shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — La Porte, Ind. **Underwriter** — Hornblower & Weeks, New York City.

American & St. Lawrence Seaway Land Co.
Jan. 27 filed 538,000 shares of common stock, of which 350,000 shares are to be publicly offered. **Price**—$3 per share. **Proceeds**—To pay off mortgages, develop and improve properties, and acquire additional real estate. **Office**—60 E. 42nd St., New York City. **Underwriter**—A. J. Gabriel Co., Inc., New York City.

American Stereophonic Corp.
April 11 (letter of notification) 50,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—17 W. 60th St., New York, N. Y. **Underwriter**—D. H. Victor & Co., Inc., New York, N. Y. **Offering**—Imminent.

American Sterilizer Co. (7/11-15)
May 20 filed 150,000 shares of common stock (par $3.33⅓). **Price**—To be supplied by amendment. **Proceeds**—Of the net proceeds from the sale, approximately $600,000 will be available to AMSCO Laboratories, Inc., a wholly-owned subsidiary, as an additional advance for the completion of a new manufacturing plant. The balance will be used to reduce short-term bank borrowings and for additional working capital. **Underwriters**—Glore, Forgan & Co., New York and Fulton, Reid & Co., Inc., Cleveland, Ohio.

● Arco Electronics, Inc.
May 10 filed 140,000 shares of class A common stock. **Price** — To be supplied by amendment. **Proceeds** — $350,000 for general corporate purposes and the balance for working capital. **Office**—New York City. **Underwriter** — Michael G. Kletz & Co., Inc., New York City. **Offering**—Expected in late July.

● Arden Farms Co.
May 13, 1960, filed 44,278 shares of preferred stock, and 149,511 shares of common stock. The company is offering the preferred shares at $52 per share, and common shares at $15 per share, initially through subscription warrants. The holders of outstanding preferred stock will be entitled to purchase the new preferred at the rate of one new share for each 10 shares held. Common stockholders will be entitled to purchase the additional common shares at the rate of one new share for each 10 shares held. The record date for both groups is June 23 with rights to expire on or about Sept. 16. **Proceeds** — To repay the equivalent portion of bank loans. **Office**—1900 West Slauson Ave., Los Angeles, Calif.

★ Arizona-New Mexico Development Corp.
June 28, 1960 (letter of notification) 12,000 shares of common stock (par $4) and 48,000 shares of convertible preferred stock (par $4) to be offered in units of one share of common and four shares of preferred. **Price**—$25 per unit. **Proceeds** — To develop land as a tourist attraction. **Office**—Scottsdale, Ariz. **Underwriter**—Preferred Securities, Inc.

Arkansas Valley Industries, Inc. (7/25-29)
June 9, 1960, filed $600,0000 of 6% convertible subordinated sinking fund debentures and 30,000 shares of common stock, $3 par. $200,000 of the debentures will be issued to Arkansas Valley Feed Mills, Inc.; the remainder of the registration will be publicly offered. **Price**—To be supplied by amendment. **Proceeds** — To retire current bank loans and increase working capital. **Office**—Dardanelle, Ark. **Underwriter**—A. G. Edwards & Sons, St. Louis, Mo.

● Arnoux Corp. (7/18-22)
May 23 filed 133,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes and working capital. **Office**—11924 W. Washington Blvd., Los Angeles, Calif. **Underwriter**—Shearson, Hammill & Co., New York.

● Associated Testing Laboratories, Inc. (7/25-29)
May 25 filed 75,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—To retire $100,000 of short-term bank loans, to provide additional facilities and equipment for plants at Wayne, N. J., and Winter Park, Fla., and the balance will be added to working capital. **Office**—Clinton Road, Caldwell, N. J. **Underwriter**—Drexel & Co., New York and Philadelphia.

Astrotherm Corp. (7/18-22)
May 24 filed $308,000 of 8% subordinated convertible debentures, due July 1970, 154,000 shares of common stock, and 46,200 common stock purchase warrants. The company proposes to offer these securities in units, each unit to consist of $100 of principal amount of debentures, 50 common shares, and 15 warrants exercisable initially at $2 per share. **Price**—$200 per unit. **Proceeds**—To repay loans, purchase new equipment and the balance for working capital. **Office**—Indianapolis, Ind. **Underwriters**—Ross, Lyon & Co., Inc., Globus, Inc., and Harold C. Shore & Co., all of New York City.

Atlantic Bowling Corp.
June 27, 1960, filed 250,000 shares of common stock (no par. **Price**—To be supplied by amendment. **Proceeds**—To furnish and equip additional bowling centers, including the repayment of any temporary indebtedness so incurred, and for working capital. Any balance will be used for general corporate purposes, which may include equipment of additional bowling centers, or the purchase of such centers from others, and the reduction of indebtedness. **Office**—100 Medway Street, Providence, R. I. **Underwriters**—Sutro Bros. & Co., New York and McDowell, Dimond & Co., Providence, R. I.

● Automatic Cafeterias for Industry, Inc. (7/11-15)
May 31 (letter of notification) 42,200 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—Dover, County of Kent, Del. **Underwriter** — Richard Gray Co., New York, N. Y.

● Aviation Employees Corporation (7/18-22)
Feb. 8 filed 2,500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—Together with other funds, will be invested in the shares of the company's three subsidiaries; for general corporate purposes; and the re-

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maining balance will be used from time to time for the purchase of all or a substantial interest in or the formation of one or more other companies engaged in the business of insurance or finance or to further supplement the funds of the three subsidiaries. **Office**—930 Tower Bldg., Washington, D. C. **Underwriter**—Sterling, Grace & Co., New York City.

Avnet Electronics Corp. (7/18-22)
June 15, 1960, filed $2,000,000 of convertible debentures, due 1975, to be offered for public sale by the issuing company and 150,000 outstanding shares of common stock to be offered for the account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—Of the debentures: to repay short-term bank loans, to maintain inventory, and for working capital. **Office**—70 State St., Westbury, Long Island, N. Y. **Underwriter**—Hemphill, Noyes & Co., New York City.

Bal-Tex Oil Co., Inc.
June 17, 1960 (letter of notification) 300,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses for development of oil properties. **Office**—Suite 1150, First National Bank Bldg., Denver, Colo. **Underwriter**—L. A. Huey & Co., Denver, Colo.

Basic, Inc. (7/15)
May 26 filed 123,808 outstanding shares of common stock, of which 81,161 shares are institutionally held. All shares result from conversion of convertible preference shares placed in 1958. **Price**—Related to the current market price on the American Stock Exchange at time of offering. **Proceeds** — To selling stockholders. **Office**—845 Hanna Building, Cleveland, Ohio. **Underwriter**—The First Boston Corp., New York.

Bausch & Lomb Inc.
May 19, 1960, filed $6,657,900 of 4¾% convertible subordinated debentures due 1980, being offered for subscription by common stockholders at the rate of $100 principal amount of debentures for each 13 common shares held with rights to expire on July 13, at 3:30 p.m. EDT. **Price**—100% of principal amount. **Proceeds**—About $5,000,000 will be used to construct new facilities in Rochester and the balance will be used for working capital and other corporate purposes. **Office**—63 St. Paul Street, Rochester, N. Y. **Underwriter**—Stone & Webster Securities Corp., New York.

Benson-Lehner Corp.
June 27, 1960, filed 75,000 shares of common stock, of which 67,500 shares are to be offered for public sale by the company and 7,500 shares, being outstanding stock, by the present stockholders thereof. **Price** — To be supplied by amendment. **Proceeds**—$950,000 will be used to repay short-term bank loans the proceeds of which were used for working capital, $100,000 will be advanced to subsidiaries as working capital, and the balance will be added to the company's working capital. **Office**—1860 Franklin St., Santa Monica, Calif. **Business**—Engaged in the development, manufacture and sale of data processing equipment, research and service in the field of information retrieval, and the development, manufacture and sale of scientific cameras. **Underwriter** — Bear, Stearns & Co., New York.

Black Hills Power & Light Co. (7/28-8/11)
June 28, 1960, filed 32,842 shares of common stock, to be offered initially for subscription of holders of outstanding common stock on the basis of one new share for each 12 shares held. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, and funds on hand, will cover the remaining cost of the company's fiscal 1960 construction program, including the repayment of interim bank loans obtained for such purpose. **Office**—621 Sixth St., Rapid City, S. Dak. **Underwriter**—Dillon, Read & Co. Inc., New York.

Bristol Dynamics, Inc.
June 28, 1960, filed 124,000 shares of common stock, of which 69,000 shares are to be offered for public sale for the account of the issuing company and 55,000 shares, being outstanding stock, by the present holders thereof. **Price**—$6 per share. **Proceeds**—$100,000 for expansion and further modernization of the company's plants and equipment; $100,000 for research and development of new products; and the balance (about $123,000) for working capital and other corporate purposes. **Office**—219 Alabama Ave., Brooklyn, N. Y. **Business**—Designing, engineering, manufacturing, producing, and selling electrical and mechanical assemblies, electronic and missile hardware components and special tools and fabrications. **Underwriter**—William David & Co., Inc., New York.

Brook Labs. Co., Inc. (7/11-15)
May 31 (letter of notification) 108,000 shares of common stock (par 10 cents) of which 28,000 shares are being sold for selling stockholders. **Price** — $2.75 per share. **Proceeds**—For general corporate purposes. **Office**—650 Lincoln Place, Brooklyn 16, N. Y. **Underwriters**—Sandkuhl & Company, Inc., New York City and Newark, N. J. and J. J. Magaril Co., 37 Wall St., New York, N. Y.

● **Bruce National Enterprises, Inc. (7/11-15)**
April 29 filed 335,000 shares of common stock (par 10 cents). **Price**—$6 per share. **Proceeds**—For reduction of outstanding indebtedness; to pay off mortgages on certain property; for working capital and other corporate purposes. **Office**—1118 N. E. 3rd Avenue, Miami, Fla. **Underwriter** — George, O'Neill & Co., Inc., New York.

Buzzards Bay Gas Co., Hyannis, Mass. (7/25-29)
June 7 filed 27,000 outstanding shares of common stock, to be offered for sale by American Business Associates. **Price** — To be supplied by amendment. **Underwriter**—Coffin & Burr, Inc., Boston, Mass.

Byer-Rolnick Hat Corp.
May 9 filed 100,000 outstanding shares of common stock. **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—601 Marion Drive, Garland, Tex. **Underwriters** — Dallas Rupe & Son, Inc., Dallas, Texas and Straus, Blosser & McDowell, Chicago, Ill. **Note**—This offering has temporarily been postponed.

C. F. C. Funding Inc. (7/11-15)
May 6 (letter of notification) 75,000 shares of common stock (par 10 cents), **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—90 Broad St., New York 4, N. Y. **Underwriter**—Darius Inc., New York, N. Y.

Cabana Pools, Inc.
March 31 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 640 Fifth Avenue, New York, N. Y. **Underwriter** — Mandell & Kahn, Inc., Time-Life Building, Rockefeller Center, New York, N. Y. **Offering**—Imminent.

Campbell Machine, Inc. (7/25-29)
June 20, 1960, filed 102,500 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Foot of Eighth Street, San Diego, Calif. **Business**—The company conducts a shipyard business which consists of repair and maintenance of U. S. Navy and commercial vessels. **Underwriter**—J. A. Hogle & Co., Salt Lake City, Utah.

Capital Shares Inc., San Francisco, Calif.
May 3 filed 1,100,000 shares of common stock. **Price**—$1 per share. **Proceeds**—To increase capital and surplus and for working capital. **Underwriter**—None.

★ **Capri Pools, Inc. (8/10)**
June 23, 1960 (letter of notification) 125,000 shares of common stock (par one cent). **Price** — $1 per share. **Proceeds**—For expansion, tooling, repayment of indebtedness, working capital and inventory. **Office**—2838 N. Naomi Street, Burbank, Calif. **Underwriter**—Nassau Securities Service, New York, N. Y.

Castleton's, Inc.
June 13 (letter of notification) 160,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For working capital. **Office**—1350 Foothill Road, Boulevard, Salt Lake City, Utah. **Underwriters**—Potter Investment Co. and Whitney & Co., Salt Lake City, Utah.

● **Cavitron Corp. (9/26-30)**
June 17, 1960, filed 40,000 shares of common stock. **Price** $15 per share. **Proceeds**—To finance the company's anticipated growth and for other general corporate purposes. **Office**—42-15 Crescent St., Long Island City, N. Y. **Underwriter**—None.

● **Cellomatic Battery Corp. (7/11-15)**
May 20 (letter of notification) $270,000 of 6% guaranteed 5-year convertible notes and 6,000 shares of common stock (par 10 cents) to be offered in units consisting of a $90 note and two shares of common stock. **Price**—$100 per unit. **Proceeds**—For working capital. **Office**—300 Delaware St., Archibald, Pa. **Underwriter**—Willis E. Burnside & Co., Inc., New York, N. Y.

● **Cenco Instruments Corp.**
June 23, 1960, filed $5,000,000 of convertible subordinated debentures due Aug. 1, 1980. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company. **Office**—1700 W. Irving Park Rd., Chicago 13, Ill. **Underwriter** — Lehman Brothers, New York. **Offering**—Expected in late July to early August.

Central Illinois Electric & Gas Co. (7/12)
June 1 filed $10,000,000 of first mortgage bonds series due 1990. **Proceeds**—To be used to provide a portion of the funds required for present and contemplated construction program of the company and to provide for the payment of some $5,000,000 of bank loans incurred or to be incurred for such purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Kidder, Peabody & Co. Inc. and White, Weld & Co. (jointly); Blair & Co. Incorporated, Merrill Lynch, Pierce, Fenner & Smith Inc. and Stone & Webster Securities Corp. (jointly). **Bids**—Expected to be received on July 12 up to 11:30 a.m..

Chematomics, Inc. (8/22-26)
June 24, 1960, filed 188,300 shares of common stock (par 10 cents), of which 175,000 are to be offered for public sale by the company and 13,300 shares, being outstanding stock, by the present holders thereof. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—122 East 42nd Street, New York, N. Y. **Business**—Intends to manufacture and market high heat resistant ion exchange resins. **Underwriter**—Pleasant Securities Co., Newark, N. J.

● **Chemical Packaging Co., Inc. (7/11-15)**
March 16 (letter of notification) 115,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds** — For general corporate purposes. **Office** — 755 Utica Avenue, Brooklyn, N. Y. **Underwriters**—Mainland Securities Corp., 156 N. Franklin Street, Hempstead, N. Y. and Jeffrey-Robert Corp., 382 S. Oyster Bay Road, Hicksville, L. I., N. Y.

● **Chemtree Corp. (7/11-15)**
April 19 (letter of notification) 262,750 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—100 W. 10th Street, Wilmington 99, Del. **Underwriter**—Havener Securities Corp., New York, N. Y.

Chicago Musical Instrument Co. (7/25-29)
June 15, 1960, filed 260,000 shares of common stock (par $1), of which 40,000 are to be offered for public sale by the company and 220,000 are outstanding and are to be offered for the account of present holders. **Price**—To be supplied by amendment. **Proceeds**—From the public offering, will be used for normal expansion and possible acquisitions. **Office**—7373 North Cicero Ave., Chicago, Ill. **Underwriter**—Smith, Barney & Co. of Chicago, Ill. and New York City.

Circle-The-Sights, Inc.
March 30 filed 165,000 shares of common stock and $330,000 of debentures (10-year 8% redeemable). **Price**—For stock, $1 per share; debentures in units of $1,000 at their principal amount. **Proceeds**—For initiating sight-seeing service. **Office**—Washington, D. C. **Underwriter**—None.

City Gas Co. of Florida
June 27, 1960, filed 120,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — Together with other funds, will be used for repayment of $2,800,000 of bank loans which are expected to exist in such amount at the time of closing the stock financing, $500,000 to complete the company's conversion and construction program, and the balance for general corporate purposes. **Office**—955 East 25th St., Hialeah, Fla. **Business** — The company and its subsidiaries distribute gas through underground distribution systems in the Miami area which are in the process of conversion from liquified petroleum gas to natural gas systems. **Underwriter**—Kidder, Peabody & Co., New York. **Offering**—Expected in August.

Cold Lake Pipe Line Co., Ltd. (7/15)
Feb. 5 filed 200,000 shares of common stock. **Price**—At the market, at time of offering. **Proceeds**—For general corporate purposes. **Office**—1410 Stanley St., Montreal, Canada. **Underwriter**—Michael Fieldman, New York.

Colorado Real Estate & Development, Inc. (7/25-29)
June 23, 1960, filed 150,000 shares of common stock (par $2). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office** — 704 Midland Savings Building, Denver, Colo. **Business**—Intends to engage in the acquisition of unimproved acreage, the development of that acreage into prepared sites for single-family homes, multiple dwellings and commercial improvements, and the sale of those sites to builders and others. **Underwriter**—Adams & Peck, New York.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. Price—To be supplied by amendment. Proceeds — To construct refinery. Underwriter—Lehman Brothers, New York. Offering—Indefinite.

Commercial Credit Co. (7/11-15)
June 9, 1960, filed $50,000,000 of senior notes, due July 1, 1979. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—300 St. Paul Place, Baltimore, Md. **Underwriters**—First Boston Corp. and Kidder, Peabody & Co. (managing the books), both of New York City.

● **Commonwealth Development & Construction Co.**
May 24 (letter of notification) 60,000 shares of common stock (par five cents). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—11th & Main Sts., Pennsburg, Pa. **Underwriters**—Vickers, Christy & Co., Inc., 15 William St., New York, N. Y. and First City Securities, Inc., New York, N. Y.

Compressed Concrete Construction Corp. (7/15)
May 9 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — 313 W. Jericho Turnpike, Huntington, L. I., N. Y. **Underwriter**—Capital Accumulation Corp., Franklin National Bank Bldg., Roosevelt Field, Garden City, N. Y.

Computer Equipment Corp.
June 17, 1960 (letter of notification) 150,000 shares of common stock (no par). **Price**—$1 per share. **Proceeds**—For working capital, market analysis, and research. **Office**—1931 Pontius Avenue, Los Angeles, Calif. **Underwriter**—Holton, Henderson & Co., Los Angeles, Calif.

Conetta Manufacturing Co., Inc. (7/11-15)
June 3 filed 125,000 shares of class A common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes including the reduction of indebtedness, the purchase of machinery and equipment, and for working capital. **Office**—73 Sunnyside Ave., Stamford, Conn. **Underwriter** — Pearson, Murphy & Co., Inc., New York City.

Connecticut & Chesapeake, Inc.
April 29 filed $585,000 of 4½% promissory notes and 2,250 shares of common stock. It is proposed to offer these securities for public sale in units, each consisting of $260 of notes due Oct. 1, 1991 and one share of stock, provided that the minimum purchase shall be 10 units for a minimum consideration of $3,600 ($2,600 of notes and 10 shares of stock). **Price**—$360 per unit. **Proceeds**—For repayment of certain advances made to the company. **Office** — 724-14th Street, N. W., Washington, D. C. **Underwriter**—Shannon & Luchs Securities Corp.

Consolidated Realty Investment Corp.
April 27 filed 2,000,000 shares of common stock. **Price**—$1 per share. **Proceeds**—To establish a $250,000 revolving fund for initial and intermediate financing of the construction of custom or pre-fabricated type residential or commercial buildings and facilities upon properties to be acquired for sub-division and shopping center developments; the balance of the proceeds will be added to working capital. **Office**—1321 Lincoln Ave., Little Rock, Ark. **Underwriter**—The Huntley Corp., Little Rock, Ark.

● **Consolidated Research & Manufacturing Corp. (8/8-12)**
May 27 filed 50,000 shares of class A and 50,000 shares of class B stock (par 10 cents). The company proposes to offer these shares in units of one share of each class. **Price**—$6.50 per unit. **Proceeds**—For equipment, sales expansion, increased advertising and marketing program budget, and working capital and general expansion. **Of-**

fice—1184 Chapel Street, New Haven, Conn. Underwriter—Bertner Bros., New York.

Consumers Power Co. (7/26)
June 15, 1960, filed $38,101,600 of convertible debentures, due 1975, to be offered for subscription by holders of record as of 3:30 p.m.. EDT, July 26, at the rate of $100 of debentures for each 25 shares of stock then held with no oversubscription privilege, and rights to expire on Aug. 12, at 4:30 p.m. EDT. **Price** — 100% of principal amount. **Proceeds**—For the company's construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; First Boston Corp. and Harriman Ripley & Co. (jointly); Kuhn, Loeb & Co. and Ladenburg, Thalmann & Co. (jointly). **Bids**—Expected to be received on July 26 at 11:00 a.m. (New York Time). **Information Meeting**—Scheduled for July 22 at 11:00 a.m. at the Bankers Trust Co., 16 Wall St., New York City, 12th floor.

Consumers Water Co.
June 21, 1960 (letter of notification) 3,500 shares of common stock (par $1). **Price**—$28.25 per share. **Proceeds**—To go to a selling stockholder. **Office**—95 Exchange St., Portland, Me. **Underwriter**—H. M. Payson & Co., Portland, Me.

Continental Boat Corp.
June 15, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To purchase raw materials, advertising and for working capital. **Office** — 1815 N. E. 144th St., North Miami, Fla. **Underwriter**—J. E. Coburn Associates, Inc., New York, N. Y.

Control Data Corp. (7/11-15)
June 2 filed 125,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To repay $1,500,000 of bank loans and the balance to be used for working capital and general corporate purposes. **Office**—501 Park Avenue, Minneapolis, Minn. **Underwriter**—Dean Witter & Co. of Minneapolis, Minn. and New York City.

• Country Club Corp. of America
April 29 filed 200,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For repayment of outstanding debt, including payment of mortgages, taxes, notes, and miscellaneous accounts payable; for general corporate purposes and construction of new facilities. **Office** — 1737 H. Street, N. W., Washington, D. C. **Underwriter**—A. J. Gabriel Co., Inc., New York. **Offering**—Expected in late July or early August.

Cubic Corp. (7/18-22)
June 8, 1960, filed 50,000 shares of capital stock, of which 25,000 shares are being offered for the account of the company, and 25,000 shares for the account of selling stockholders. **Price**—At-the-market at time of offering. **Proceeds**—For additional working capital. **Office**—5575 Kearney Villa Road, San Diego 11, Calif. **Underwriter**—Hayden, Stone & Co., New York City.

• Custom Craft Marine Co., Inc. (8/1-5)
March 28 (letter of notification) 85,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—1700 Niagara Street, Buffalo, N. Y. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

Dalto Corp. (7/13)
March 29 filed 134,739 shares of common stock, to be offered for subscription by holders of such stock of record May 2 at the rate of one new share for each two shares then held. **Price**—To be supplied by amendment. **Proceeds**—For the retirement of notes and additional working capital. **Office**—Norwood, N. J. **Underwriter**—None.

Dechert Dynamics Corp. (7/18-22)
May 31, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For expenses of offering, to pay instalment contracts, for electronics research and sales promotion, and other general purposes. **Office**—713 W. Main St., Palmyra, Pa. **Underwriter**—Plymouth Securities Corp., New York, N. Y.

• Deluxe Aluminum Products, Inc. (8/22-26)
Oct. 15 filed $330,000 of convertible debentures and 70,000 shares of common stock. **Price**—For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—From 10,000 shares of the common stock, to the present holders thereof; from the rest of the offering, to the company to be used for expansion and as working capital. **Office**—6810 S. W. 81st St., Miami, Fla. **Underwriter**— R. A. Holman & Co., Inc.

Detroit Tractor, Ltd.
May 26 filed 1,375,000 shares of class A stock. Of this stock, 1,125,000 shares are to be offered for the company's account and the remaining 250,000 shares are to be offered for sale by the holders thereof. **Price**—Not to exceed $3 per share. **Proceeds**—To be applied to the purchase of machine tools, payment of $95,000 of notes and accounts payable, and for general corporate purposes. **Office**—1221 E. Keating Avenue, Muskegon, Mich. **Underwriter**—To be supplied by amendment.

Diversified Communities, Inc.
Sept. 25 filed 367,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of Hope Homes, Inc., Browntown Water Co. and Cantor & Goldman Builders, Inc., with the balance to be used as working capital. **Office**—29A Sayre Woods Shopping Center, Madison Township, P. O. Parlin, N. J. **Underwriter**—Lee Higginson Corp., New York. **Offering**—Postponed.

Diversified Realty Investment Co.
April 26 filed 250,000 shares of common stock. **Price**—$5 per share (par 50 cents). **Proceeds** — For additional working capital. **Office**—919 18th Street, N. W., Washington, D. C. **Underwriter**—Ball, Pablo & Co., Washington, D. C.

Drug Associates, Inc. (7/11-15)
May 6 (letter of notification) 100 units of $100,000 of 7% sinking fund debenture bonds and 10,000 shares of common stock (par $1) to be offered in units consisting of one $1,000 debenture and 100 shares of common stock. **Price**—$1,100 per unit. **Proceeds**—For general corporate purposes. **Office**—1238 Corlies Ave., Neptune, N. J. **Underwriter**—Fidelity Securities & Investment Co., Inc., Asbury Park, N. J.

• Drug Fair-Community Drug Co., Inc. (7/20)
June 10, 1960, filed $500,000 of subordinated sinking fund debentures, due Sept. 15, 1975, with attached warrants for the purchase of 25,000 shares of common stock A, $1 par, and 150,000 additional shares of said stock. These debentures and warrants will be offered in units consisting of a $500 debenture and a warrant for the purchase of 25 shares of stock. **Price**—$500 per unit, with the price of the stock to be supplied by amendment. **Proceeds**—Of the stock issue, the proceeds from the sale of 50,000 shares will go to selling stockholders. The proceeds from the remainder of the registration will be added to the issuer's working capital and, together with other funds, will be used to repay indebtedness and to open 15 new stores in 1960-61. **Office**—1200 South Eads St., Arlington, Va. **Underwriter**—Auchincloss, Parker & Redpath, Washington, D. C.

Dunbar Development Corp.
June 22, 1960 (letter of notification) 75,000 shares of class A common stock (par 10 cents). **Price** — $4 per share. **Proceeds**—For general corporate purposes. **Office**—237 Sylvester St., Westbury, L. I., N. Y. **Business**—Purchase of land and building of homes. **Underwriters**—Netherlands Securities Co., Inc., and J. A. Winston & Co., Inc., New York, N. Y.

Durox of Minnesota, Inc.
April 11 filed $650,000 of 7% first mortgage bonds and 120,000 shares of common stock (par $1). The offering will be made in units of one bond ($100 principal amount) and 20 shares of common stock or one unit of 50 bonds at principal amount plus accrued interest. **Price**—To be supplied by amendment. **Proceeds**—For additional plant and equipment and to provide working capital to commence and maintain production. **Office** — 414 Pioneer Bldg., St. Paul, Minn. **Underwriters**—Irving J. Rice & Co., Inc., St. Paul, Minn. and M. H. Bishop & Co., Minneapolis, Minn.

Dwyer-Baker Electronics Corp.
June 20, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To pay current maturity of mortgage and notes and for working capital. **Office**—7400 N. W. 13th Ave., Miami, Fla. **Underwriters** — Frank B. Bateman, Ltd., Palm Beach, Fla., and Hardy & Co., New York, N. Y.

Dynamic Center Engineering Co., Inc.
June 20, 1960 (letter of notification) 37,450 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To promote the sale of new products, for the purchase of additional equipment and working capital. **Address**—Norcross, Ga. **Underwriter**—Gaston-Buffington-Waller Inc., Atlanta, Ga.

• Dynamic Films, Inc.
March 29 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — 405 Park Avenue, New York, N. Y. **Underwriter**—Morris Cohon & Co., New York, N. Y. **Offering**—Imminent.

• E. S. C. Electronics Corp. (7/11-15)
May 17 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office** — 534 Bergen Boulevard, Palisades Park, N. J. **Underwriter**—Laird, Bissell & Meeds, New York, N. Y.

East Alabama Express, Inc.
April 1 (letter of notification) 77,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To repay notes payable, reduce equipment purchase obligations, accounts payable and for working capital. **Office**—109 M Street, Anniston, Ala. **Underwriter**—First Investment Savings Corp., Birmingham, Ala.

★ East Central Racing and Breeders Association, Inc.
July 5, 1960, filed 200,000 units of 200,000 shares of capital stock and 200,000 warrants to purchase capital stock. Each unit will consist of one share and one warrant for the purchase of an additional share exercisable within 12 months. **Price**—$3.50 per unit. **Proceeds**—First step in the management's program if this financing is successful and after allocating $10,000 to finishing a training track surface and $25,000 to property accruement and maintenance, is the construction of about 15 stables to accommodate 32 horses each at an estimated cost of $22,500 each. An additional $200,000 has been allocated for construction of a building covering an indoor training track and $74,000 for working capital. **Office** — Randall, N. Y. **Underwriter**—None.

• Edgerton, Germishausen & Grier, Inc. (7/11-15)
May 5 filed 120,000 shares of common stock (par $1) of which 20,000 shares are now outstanding and are to be offered for public sale by the holders thereof and 100,000 shares are to be offered by the company. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 160 Brookline Ave., Boston, Mass. **Underwriter**—Kidder, Peabody & Co., New York.

• Edwards Engineering Corp. (7/15-18)
April 8 filed 85,000 shares of common stock of which 70,000 shares are to be offered for the account of the issuing company and 15,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes including salaries, sales promotion, moving expenses, and research and development work. **Office**—715 Camp Street, New Orleans, La. **Underwriter**—Sandkuhl & Company, Inc., New York City and Newark, N. J.

Electri-Cord Manufacturing Co., Inc. (8/1)
June 15 (letter of notification) 99,900 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—2554 E. 18th Street, Brooklyn, N. Y. **Underwriter**—E. M. North Co., Inc., New York, N. Y.

• Electromagnetic Industries, Inc. (7/20)
June 22, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office**—Greeley Ave., Sayville, L. I., N. Y. **Business**—Manufactures and sells transformers, magnetic components and electric instrumentation and control devices. **Underwriter**—Flomenhaft, Seidler & Co., Inc., New York, N. Y.

Electronic Developments, Inc. of Florida
June 21, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To establish a new office, for salaries, research and development and working capital. **Office**—424 W. Davis Blvd., Tampa, Fla. **Underwriter**—Carr-Rigdon Co., Inc., 4700 Nolensville Rd., Nashville, Tenn.

• Electronic Specialty Co.
June 2 filed 150,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds in anticipation of capital requirements, possibly to include acquisitions. **Office**—5121 San Fernando Road, Los Angeles, Calif. **Underwriter** — Bateman, Eichler & Co. of Los Angeles, Calif. **Note**—Reynolds & Co., Inc. is no longer involved in the underwriting. **Offering**—Expected in early August.

★ Electro-Tec Corp. (8/29-9/2)
July 1, 1960, filed 135,000 shares of common stock (par 10 cents), of which 75,000 shares are to be offered for public sale for the account of the issuing company and 60,000 shares, being outstanding stock, by the present holder thereof. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general funds and be used for general corporate purposes. **Office**—10 Romanelli Ave., South Hackensack, N. J. **Business**—Design, development, manufacture and sale of slip ring and brush block assemblies, switching devices and relays for electronic equipment. **Underwriter**—Harriman Ripley & Co., Inc., New York.

El Paso Natural Gas Co. (7/26)
June 21, 1960, filed 1,136,669 shares of common stock. Company proposes to offer the shares for subscription by common stockholders of record July 26, 1960, at the rate of one new share for each 15 shares then held, with rights to expire on or about Aug. 11, at 5:00 p.m. (EDT). **Price**—To be supplied by amendment. **Proceeds**—To be used in part to repay not less than $10,000,000 of current bank loans and the balance will be used largely for investment in the notes and common stock of subsidiary companies, principally El Paso Natural Gas Products Co. **Underwriter**—White, Weld & Co., Inc. (managing), New York City.

Equitable Leasing Corp. (7/13)
May 9 (letter of notification) 50,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—For working capital. **Office**—246 Charlotte St., Asheville, N. C. **Underwriter**—Courts & Co., Atlanta, Ga.

Espey Mfg. & Electronics Corp. (7/18-22)
April 29 filed 80,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Saratoga Springs, N. Y. **Underwriter** — Sutro Bros. & Co., New York.

Evans Rule Co. (7/25-29)
June 17, 1960, filed 145,000 shares of common stock (par $1), of which 40,000 shares will be sold for the account of the company and 105,000 shares for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Business**—The company manufactures and sells precision steel measuring tapes and wood folding rules. **Proceeds**—To be used by the company to purchase two leased plants in Elizabeth, N. J. The balance of the proceeds will be added to working capital and will be available for general corporate purposes. **Office**—Elizabeth, N. J. **Underwriter** — McDonnell & Co. Inc., New York City.

Evergreen Gas & Oil Co.
June 20, 1960 (letter of notification) 2,000,000 shares of common stock (par five cents). **Price** — 12½ cents per share. **Proceeds**—For expenses for oil and gas development. **Office**—E. 12707 Valleyway, Opportunity, Wash. **Underwriters**—Standard Securities Corp. and Pennaluna & Co., Spokane, Wash. and Herrin Co., Seattle, Wash.

Fairmount Finance Co.
May 6 (letter of notification) 58,000 shares of class A common stock (par $5). **Price**—At par ($5 per share). **Proceeds**—For working capital. **Office**—5715 Sheriff Road, Fairmount Heights, Md. **Underwriter**—J. T. Patterson & Co., Inc., 40 Exchange Place, New York, N. Y. **Offering**—Imminent.

Farmers' Educational & Cooperative Union of America
March 29 filed $2,500,000 of registered debentures, series D, maturing from 1969 to 1980. **Price**—To be offered in units of $100. **Proceeds**—To pay notes maturing before Dec. 31, 1963, with $1,107,000 to be contributed to surplus or loaned to subsidiaries. **Office**—Denver, Colo. **Underwriter**—None.

Farms, Inc.
June 13 (letter of notification) $298,000 of 10-year 5¾% debentures, to be offered in denominations of $1,000,

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$500 and $250 each. **Price**—At face value. **Proceeds**—For working capital. **Office**—818 17th Street, Denver 2, Colo. **Underwriter**—Wayne Jewell Co., Denver, Colo.

★ Fastoff Crown Corp.
June 28, 1960 (letter of notification) 2,669 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—For a plant and equipment. **Address**—Rockville, Inc. **Underwriter**—None.

● Federal Steel Corp. (7/18-22)
March 30 (letter of notification) 59,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—For an expansion program. **Office**—3327 Elkton Ave., Dayton 3, Ohio. **Underwriter**—Westheimer & Co., Cincinnati, Ohio.

Federated Electronics, Inc. (7/18-22)
April 25 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—139-14 Jamaica Avenue, Jamaica, N. Y. **Underwriter**—J. B. Coburn Associates, Inc., New York, N. Y.

Fischbach & Moore, Inc.
June 28, 1960, filed 300,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—New York City. **Underwriter**—Allen & Co., New York City.

Fitchburg Paper Co., Fitchburg, Mass. (7/26-27)
June 28, 1960, filed 325,000 shares of class A common stock, of which 217,000 shares are to be offered for public sale for the account of the issuing company and 108,000 shares being outstanding stock by the present holder thereof. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, will be used to purchase and retire the outstanding preferred stock of the company at a cost not in excess of $114,000; to pay in full the outstanding 5¾% notes held by New England Mutual, the unpaid principal amount of which at June 1, 1960 was $787,500; $1,400,000 for construction of a new and larger plant for the Decotone Products Division; $450,000 for completion of a new office building; and the balance for additional working capital. **Underwriter**—White, Weld & Co., New York.

Florida Capital Corp. (7/25-29)
June 9, 1960, filed 500,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To finance the issuer's investments in small business concerns, which will be engaged in land development or electronics. **Office** — 1201 Harvey Bldg., West Palm Beach, Fla. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill.

Florida Home Insurance Co.
March 30 filed 17,500 shares of common stock to be offered to holders of the company's 85,995 outstanding common shares at the rate of one share for each five shares held. Unsubscribed shares will be offered to employees and officers of the company who are stockholders without further offering of such unsubscribed shares to other stockholders of the company. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general funds to be held in cash or invested in securities. **Office** — 1335 Biscayne Blvd., Miami, Fla. **Underwriter**—None.

Ford Electronics Corp.
May 25 (letter of notification) 75,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To purchase tooling, a 20% interest in Arizona Biochemical Corp. and for working capital. **Office**—c/o John N. Valianos, 4465 Petit Avenue, Encino, Calif. **Underwriter**—Thomas Jay Winston & Co., Inc., Beverly Hills, Calif. **Note**—The underwriter states that the amount of this offering is to be increased.

● Foto-Video Electronics Corp.
April 26 filed 125,000 shares of class B stock. **Price**—$4 per share. **Proceeds**—$100,000 for research and development, $200,000 for working capital, and the balance for sales promotion expenses. **Office** — Cedar Grove, N. J. **Underwriter**—Fund Planning, Inc., New York City. **Offering**—Sometime in July.

★ Fritzi of California Mfg. Corp.
July 5, 1960, filed 100,000 shares of common stock (par $1) of which 30,000 shares are to be offered for public sale for the account of the issuing company, and 70,000 shares, being outstanding stock, by the present holders thereof. **Price**—To be supplied by amendment. **Business**—Company is engaged in the production and sale of popularly priced blouses and sportswear coordinates for girls and women. **Proceeds**—From the stock sale, and funds from working capital, totalling $293,092.75, will be contributed to the capital of Fritzi Realty, a wholly owned subsidiary, to purchase for cash from 177-First Street Corp. the building presently used by the company. **Office**—167-199 First Street, San Francisco, Calif. **Underwriters**—Bear Stearns & Co., of New York, and Schwabacher & Co., of San Francisco and New York.

● Futterman Corp. (7/18-22)
April 1 filed 660,000 shares of class A stock. **Price**—To be supplied by amendment. **Proceeds**—For acquisition of properties. **Office**—580 Fifth Avenue, New York. **Underwriter**—Van Alstyne, Noel & Co.

● General Sales Corp. (7/25-29)
April 28 filed 90,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$75,000 will be used for additional working capital, inventories and facilities for the Portland Discount Center; $75,000 for the same purposes in the Salem Center; and $50,000 to provide working capital for General Sales Acceptance Corp. for credit sales to member customers. The balance of the proceeds will be used to open two new stores in Oregon and Idaho. **Office** — 1105 N. E. Broadway, Portland, Ore. **Underwriter** — Fennekohl & Co., Inc., New York.

Glass Magic Boats, Inc. (7/11-15)
Dec. 30 (letter of notification) $51,000 of six-year 6½% convertible debentures to be offered in denominations of $51 each. Debentures are convertible into common stock at $1.50 per share. Also, 68,000 shares of common stock (par 10 cents) to be offered in units of one $51 debenture and 68 shares of common stock. **Price**—Of debentures, at par; of stock, $102 per unit. **Proceeds**—To pay off current accounts payable; purchase of raw materials and for expansion. **Office** — 2730 Ludelle Street, Fort Worth, Texas. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y. **Note**—The name has been changed from Glass Magic, Inc.

Glass Marine Industries, Inc.
April 25 filed 200,000 shares of class A stock and 100,000 shares of common stock. The class A stock is to be offered at $2.25 per share and the common at 75 cents per share; and the class A and common shares are to be offered in units consisting of two class A and one common. **Price**—$5.25 per unit. **Proceeds**—To develop the necessary production facilities to produce the company's boats. **Office**—Humboldt, Iowa. **Underwriters**—Leason & Co., Inc., Chicago, Ill.; William B. Robinson & Co., Corsicana, Texas; and Bala William & Co., Wichita Falls, Texas.

Gold Medal Packing Corp. (8/15)
June 17, 1960, filed 100,000 shares of 25c convertible preferred stock (par $4). **Price**—At par. **Proceeds**—Approximately $150,000 will be used to discharge that portion of its obligation to Jones & Co. pursuant to which certain inventories are pledged as collateral. The indebtedness to Jones & Co. was initially incurred on June 15, 1960 in connection with refinancing the company's obligations to a bank. In addition, $15,000 will be used for the construction of an additional smokehouse, and the balance will be used for general corporate purposes. **Office**—614 Broad Street, Utica, N. Y. **Business**—The company is engaged in the processing, packing and distribution of meats and meat products, principally sausage products, smoked meats, bacon, and meat specialties. It also sells certain dairy products. **Underwriter**—Ernst Wells, Inc., 15 William Street, New York City.

★ Gray Pantograph Engraving Co.
June 22, 1960 (letter of notification) 1,000 shares of 5% cumulative, convertible preferred stock. **Price**—At par ($100 per share). **Proceeds**—To finance inventory and accounts receivable. **Address** — Poteau, Okla. **Underwriter**—None.

Greenbelt Consumer Services, Inc.
April 28 filed 40,000 shares of series A common stock and 160,000 shares of series B common stock. **Price**—$10 per share. **Proceeds**—$400,000 will be used in payment of bank loans made in January to finance the purchase of equipment for two new supermarkets which are planned to be opened in May and June, 1960. Approximately $200,000 will be used for the purchase of inventory for the two new stores. The company contemplates opening four additional supermarkets within the next two and one-half years. Approximately $1,200,000 of the proceeds of the offering will be used to finance the purchase of equipment and inventory for such stores. The balance of approximately $182,000 will be added to general working capital. **Office**—10501 Rhode Island Ave., Beltsville, Md. **Underwriter**—None. **Offering**—Expected in July.

Gross Furnace Manufacturing Co., Inc.
March 30 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price** — $2.50 per share. **Proceeds** — For advertising, equipment and working capital. **Office**—c/o Joseph J. Gross, 2411 Sunnybrook Road, Richmond, Va. **Underwriter**—Maryland Securities Co., Inc., Baltimore, Md.

Guardian Central Trust, Inc.
June 3 filed 484,862 shares of common stock, of which 200,000 shares are to be publicly offered, and the remaining shares are reserved for the acquisition of the stock of Guardian Discount Co. **Price**—$6 per share. **Proceeds**—From the public offering, to be invested in Guardian Discount Co. **Office**—1415 Union Avenue, Memphis, Tenn. **Underwriter**—James N. Reddoch & Co., Memphis, Tenn.

Gulf-Tex Development, Inc. (7/25-29)
March 30 filed 250,000 shares of common stock. **Price**—$5 per share. **Proceeds**—For purchase of Pelican Island; for improvements on said property; and for working capital and other general corporate purposes, including the general development of the property. **Office**—714 Rosenberg St., Galveston, Tex. **Underwriter**—Myron A. Lomasney & Co., New York.

● Hampshire Gardens Associates (7/15)
April 1 filed $376,000 of Limited Partnership Interests, to be offered in units. **Price**—$500 per unit. **Proceeds**—For purchase of the fee title to a garden type apartment community (Hampshire Gardens) consisting of 14 buildings with a total of 134 apartments in Chillum, Md. **Office**—375 Park Avenue, New York. **Underwriter**—B. C. Morton & Company, Inc., New York.

Harcourt, Brace & Co., Inc. (8/17)
June 28, 1960, filed 493,425 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—The company is engaged in the publication and sale of junior high school, high school and college textbooks, workbooks, related materials, as well as general trade books. **Office**—750 Third Avenue, New York. **Underwriter**—White, Weld & Co., New York.

Hawaiian Pacific Industries, Inc.
June 29, 1960, filed $1,350,000 of 6½% convertible subordinated debentures, due September, 1970, and 100,000 shares of common stock. **Price**—Debentures, at 100% of principal amount; common stock, to be supplied by amendment. **Proceeds** — For construction expenses, new equipment, reduction of indebtedness, and the acquisition of properties. **Office** — Honolulu, Hawaii. **Underwriters**—Bosworth, Sullivan & Co. and Lowell, Murphy & Co., both of Denver, Colo.

Hazel Bishop Inc.
June 28, 1960, filed 1,157,200 shares of common stock to be offered for the account of selling stockholders. **Price**—To be offered from time-to-time on the ASE at prices current at time of sale. **Proceeds**—To selling stockholders. **Office**—New York City, N. Y. **Underwriter**—None.

★ Heldor Electronics Manufacturing Corp.
June 29, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 238 Lewis Street, Paterson, N. J. **Underwriter**—S. Schramm & Co., Inc., New York, N. Y.

Helicopters, Inc.
May 19 (letter of notification) 60,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — For purchase of equipment, tools, inventory and working capital. **Office**—Heliport, Stapleton Airfield, Denver 2, Colo. **Underwriter**—Insurance Stocks, Inc., Denver, Colo.

Honey Dew Food Stores, Inc.
June 24, 1960 (letter of notification) $300,000 of 7½% convertible subordinated debentures due July 1, 1970. **Price** — At 100%. These debentures are convertible through June 30, 1965 into capital stock at $2.50 per share to and including June 30, 1962, at $3.33⅓ per share from July 1, 1962 to June 30, 1964 inclusive and at $4 per share from July 1, 1964 to June 30, 1965 inclusive. **Proceeds** — For general corporate purposes. **Office** — 811 Grange Rd., Teaneck, N. J. **Underwriter** — Vickers, Christy & Co., Inc., 15 William St., New York 5, N. Y.

● Hotel Corp. of America (7/13)
May 17 filed $1,500,000 of convertible collateral trust debentures, due July 1, 1972, secured by the common stock of the company that operates the Hotel Mayflower in Washington, D. C. and of Fred Fear & Co. **Price**—To be supplied by amendment. **Proceeds** — For expansion program. **Office**—New York City. **Underwriters**—Bache & Co. and Bear, Stearns & Co., both of New York.

Hydrocraft, Inc.
June 20, 1960 (letter of notification) 180,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase inventory, increase plant capacity by adding additional molds and jigs, research and development and for working capital. **Office**—804 Lake St., Huntington Beach, Calif. **Underwriter**—Wedbush & Co., Los Angeles, Calif.

Hydrometals, Inc.
June 16, 1960 filed $2,500,000 of convertible debentures due 1972. The company proposes to offer the debentures for subscription by stockholders. **Price**—To be supplied by amendment. **Proceeds**—Approximately $490,000 will be used to retire loans made to furnish working capital and to finance the company's Hydro-T-Metal program, and $300,000 will be used to retire a loan made to finance the acquisition of a license to practice an electrothermal process for the production of metals from oxides and ores. The balance of such proceeds will be added to the general funds of the company. **Office** — 405 Lexington Ave., New York City. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Ill.

Hyster Co.
June 27, 1960, filed 130,000 shares of its common stock (par 50 cents). Of the total, 50,000 shares are being offered for the company's account and 80,000 shares by certain stockholders. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Business** — The manufacturing and marketing of materials handling equipment. **Underwriter** — Blyth & Co., Inc., New York. **Offering**—Expected in August.

I C Inc.
June 29 filed 600,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**—Purvis & Co. and Amos C. Sudler & Co., both of Denver. Colo. **Offering**—Imminent.

★ I. D. Precision Components Corp.
June 29, 1960, (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office** — 89-25 Van Wyck Expressway, Jamaica 35, N. Y. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y. **Offering**—Expected sometime in September.

Illinois Beef, L. & W. S., Inc. (6/27-7/1)
April 29 filed 200,000 shares of outstanding common stock. **Proceeds**—To selling stockholders. **Price**—$10 per share. **Office**—200 South Craig Street, Pittsburgh, Pa. **Underwriters**—Amos Treat & Co., Inc., New York, and Bruno Lenchner, Inc., Pittsburgh, Pa.

★ Indian Trail Ranch, Inc.
June 28, 1960, filed $585,000 of 6% convertible promissory notes due 1965; 171,600 warrants to purchase the said notes; and 57,200 common shares issuable upon conversion of the notes. The company proposes to offer its common stockholders rights to subscribe to the notes at the rate of $5 principal amount of notes for each share of common stock held. Each stockholder is entitled to one subscription right for each share held; and three rights are required to subscribe for one note in the amount of $15, the minimum subscription. **Business**—The company is authorized to engage in a general farm-

ing and ranching business. **Proceeds** — To enable the company to obtain the necessary funds required to meet various financial commitments in connection with its bank loans, mortgage payments and carrying charges with respect to some 44,000 acres. **Office** — Southern Blvd., West Palm Beach, Fla. **Underwriter**—None.

★ Infrared Industries, Inc.
July 6, 1960, filed 135,000 shares of common stock (without par value), 100,000 shares of which are for the company and the balance for the account of certain stockholders. **Price**—To be supplied by amendment. **Proceeds**—Approximately $700,000 will be used to construct and equip the Santa Barbara, Calif. plant for which the company has recently acquired acreage, $450,000 will be used to discharge indebtedness of the company and a subsidiary, and the balance will be used for general corporate purposes including working capital. **Business**—The company produces infrared detectors for most of the infrared systems under procurement by the Armed Forces of the United States and for civilian use as well. **Office**—Waltham, Mass. **Underwriter**—Lehman Brothers, New York City.

● Inter-County Telephone & Telegraph Co. (7/25-29)
June 16, 1960 filed 125,000 shares of common stock (par $4.16⅔). **Price** — To be supplied by amendment. **Proceeds**—$1,500,000 will be used to liquidate outstanding short-term bank loans and approximately $600,000 will be applied to reduction of accounts payable in connection with the company's continuing construction program. The remainder will be used to pay a portion of the 1960 construction expenditures estimated at $3,000,000. **Office**—1517 Jackson St., Fort Myers, Fla. **Underwriter**—Dean Witter & Co., New York.

International Telephone & Telegraph Corp., Sud America
June 21, 1960, filed $10,000,000 of debentures due July, 1977. **Price**—100% of principal amount. **Proceeds**—For subsidiaries and general funds. **Office**—67 Broad Street, New York City. **Underwriter**—Bear, Stearns & Co., New York.

Investors Funding Corp. of New York
June 17, 1960 filed $400,000 of 10% subordinated debentures (half due December 1964 and half due December 1965); $1,000,000 of 10% subordinated debentures (with common stock purchase warrants), due serially 1966-1970; and warrants for the purchase of 30,000 common shares, exercisable initially at $10 per share. **Price**—The debentures (including those with warrants) are to be offered for sale at 100% of principal amount. **Proceeds**—To be used primarily for the purchase or improvement of additional parcels of real estate, and some may be used to discharge debentures maturing in August, 1960. **Office**—511 Fifth Ave., New York. **Business**—The company's primary business is that of purchasing, developing, financing, investing in and selling real estate. **Underwriter**—None.

● Itemco, Inc. (8/1-5)
April 29 filed 200,000 shares of common stock. **Price**—$2.50 per share. **Proceeds**—For repayment of outstanding debt, for instrumentation and automation of laboratory equipment, for expansion of existing manufacturing facilities and the acquisition or establishment of additional facilities, and the balance for working capital. **Office**—18 Beechwood Avenue, Port Washington, N. Y. **Underwriters**—Morris Cohon & Company and Schrijver & Co., both of New York.

Kenrich Petrochemicals, Inc. (7/13)
March 29 filed $175,000 of 7% convertible subordinated debentures due 1970, and 55,000 shares of class A common stock. **Price**—For debentures, 100% of principal amount; and $3.50 per class A share. **Proceeds**—$10,000 will be applied towards the repayment of demand notes, $115,000 for new plant facilities and equipment; and the balance for general corporate purposes. **Office**—120 Wall St., New York. **Underwriter**—First Philadelphia Corp., New York.

Kings Electronics Co., Inc. (8/1-5)
May 26 filed 200,000 shares of common stock (par 10 cents) and 100,000 common stock purchase warrants. The company proposes to offer these securities for public sale in units, each consisting of one share of common stock and one-half common stock purchase warrant. **Price**—$4 per unit. **Proceeds**—$165,000 will be applied to the repayment of certain loans, $75,000 for development and design work by a subsidiary in the field of infra-red instrumentation, $100,000 for continued research in the design, development and production of components for microwave instruments, and the balance for working capital. **Office**—40 Marbledale Road, Tuckahoe, N. Y. **Underwriters** — Ross, Lyon & Co., Inc.; Globus, Inc.; Reich & Co.; Harold C. Shore & Co. and Godfrey, Hamilton, Magnus & Co., all of New York City.

Laclede Gas Co. (7/8)
June 1 filed a maximum of 243,600 shares of common stock (par $4), to be offered to stockholders on the basis of one additional share for each 14 shares of common stock held of record at the close of business on July 8, 1960. **Price**—To be supplied by amendment. **Proceeds**—Together with the proceeds from the proposed sale of the first mortgage bonds will be applied toward repayment of bank loans incurred in connection with the company's construction program and for additions to the company's working capital, to be used for construction and other corporate purposes. **Underwriters** — Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith Inc., both of New York, and Reinholdt & Gardner, St. Louis, Mo.

Laclede Gas Co. (7/11)
June 1 filed $10,000,000 of first mortgage bonds. **Proceeds** — Together with the proceeds from the sale of common stock, will be applied towards the repayment of bank loans incurred in connection with the company's construction program for additions to the company's working capital, to be used for construction and general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Lehman Brothers, Merrill Lynch, Pierce, Fenner & Smith Inc. and Reinholdt & Gardner (jointly); Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received on July 11 up to 11:00 a.m. EDT. **Information Meeting**—Scheduled for July 7 at 10:30 a.m. EDT at the Bankers Trust Co.

Lee Electronics Inc.
June 14, 1960 (letter of notification) 135,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To expand operations. **Office**—3628 Rhawn St., Philadelphia, Pa. **Underwriter** — Atlantic Equities Co., Washington, D. C.

Lee Filter Corp. (8/29)
June 17, 1960, filed 110,000 shares of capital stock (par $1). **Price**—$8.75 per share. **Proceeds**—About $250,000 will be used to discharge bank loans, the proceeds of which were used to provide additional working capital and to discharge other short-term indebtedness; $100,000 for construction and purchase of additional tools, dies and machinery and additions to raw material inventory; and the balance for general corporate purposes. **Office**—191 Talmadge Road, Edison, N. J. **Underwriter**—Myron A. Lomasney & Co., New York.

Lamtex Industries, Inc. (7/18-22)
May 13 filed 100,000 shares of common stock. **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office** — Motor Ave., Farmingdale, Long Island, N. Y. **Underwriter**—Finkle, Seskis & Wohlstetter, of N. Y. City

Lestoil Products, Inc. (8/1-5)
June 17, 1960 filed 275,000 shares of class A stock and 275,000 shares of common stock (par $1), to be offered for public sale in units, each consisting of one class A and one common share. **Price**—$15 per unit. **Proceeds**—To discharge certain indebtedness, and the balance will be added to working capital and be available for general corporate purposes. **Office**—Holyoke, Mass. **Business**—Company's principal products are Lestoil and Lestare. **Underwriters** — Paine, Webber, Jackson & Curtis, New York and Boston, and Alex. Brown & Sons, Baltimore, Md. and New York.

● Liberian Iron Ore Ltd. (7/18-22)
May 19 joined with The Liberian American-Swedish Minerals Co., Monrovia, Liberia, in the filing of $15,000,000 of 6¼% first lien collateral trust bonds, series A, due 1980, of Lio, $15,000,000 of 6¼% subordinated debentures due 1985 of Lio, an unspecified number of shares of Lio capital stock, to be offered in units. The units will consist of $500 of collateral trust bonds, $500 of debentures and 15 shares of capital stock. **Price**—For units, to be supplied by amendment, and not to be in excess of par. **Proceeds**—To make loans to Lamco. **Office**—97 Queen St., Charlottetown, Prince Edward Island, Canada, N. S. **Underwriter**—White, Weld & Co., Inc., New York.

● Liberty Records, Inc. (7/12)
April 1 filed 150,000 shares of common stock (par 50c). **Price**—Approximately $8.00 per share. **Proceeds**—To be added to the company's general corporate funds, substantially to meet increased demands on working capital. **Office**—6920 Sunset Boulevard, Los Angeles, Calif. **Underwriter** — Crowell, Weedon & Co., Los Angeles, Calif.

★ Lifetime Pools Equipment Corp.
July 1, 1960, filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—Engaged in the manufacture and selling of fiber glass swimming pools. **Proceeds**—$125,000 will be used to purchase machinery and equipment; $200,000 to purchase raw materials, parts and components; $40,000 for sales and advertising promotion; $30,000 for engineering and development; and the balance will be added to working capital. **Office**—Renovo, Pa. **Underwriter**—First Pennington Corp., Pittsburgh, Pa.

Magnasync Corp.
Feb. 26 filed 200,000 shares of capital stock. **Price** — $5 per share. **Proceeds**—To repay interim loans up to $100,000 to Taylor & Co.; $100,000 for expansion of laboratory facilities and personnel for research and development; $100,000 to increase plant production facilities; $116,000 for tooling and production of proprietary items; $110,000 for increase of inventory; $75,000 for research and development; and $2,000 for documentary stamps; $110,000 will be added to working capital; and the remaining $88,400 is unallocated. **Office**—5546 Satsuma Ave., North Hollywood, Calif. **Underwriter**—Taylor and Company, Beverly Hills, Calif.

Majestic Utilities Corp.
April 29 filed $300,000 of 6% convertible 10-year debentures, $250 face value, 30,000 shares of common stock, and options to purchase an additional 30,000 shares. It is proposed to offer these securities for public sale in units (1,200), each consisting of $250 face amount of debentures, 25 shares of common stock, and options to to purchase an additional 25 common shares. **Price**—$350 per unit. **Proceeds**—To be applied in part payment of a $250,310 bank loan and the balance to be added to working capital and used for general corporate purposes. **Office** — 1111 Stout Street, Denver, Colo. **Underwriter**—Purvis & Company, Denver, Colo. **Offering**—Expected sometime in July.

Martin-Parry Marine Corp.
May 10 (letter of notification) 240,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For general corporate purposes. **Office** — 415 Madison Ave., New York, N. Y. **Underwriter**—Edward H. Stern & Co., 32 Broadway, New York 32, N. Y. **Offering**—Expected sometime in August.

Maule Industries, Inc.
June 15, 1960, filed 254,322 shares of common stock, to offered to holders of the outstanding common at the rate of one new share for each three shares held. **Price**—$7 per share. **Proceeds** — For plant and modernization expenses. **Office**—Miami, Fla. **Underwriter**—None.

★ Mechanical Enterprises, Inc.
June 23, 1960, (letter of notification) 7,000 shares of common stock (par 50 cents). **Price** — $6 per share. **Proceeds**—For current expenses, tooling, fixtures, machinery and working capital. **Office** — 3158 Jefferson Davis Highway, Arlington, Va. **Underwriter**—None.

Mercantile Discount Corp., Chicago, Ill.
June 29, 1960, filed 128,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To be added to the capital fund to allow for the expansion of business and to increase borrowing capacity. Part of the proceeds may be used temporarily to reduce bank borrowings. **Underwriters**—Rodman & Renshaw and H. M. Byllesby and Co. Inc., both of Chicago, Ill.

● Metropolitan Development Corp. (7/25-29)
June 8 filed 1,000,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—To complete payments on the company's property, for repayment of loans, and the balance to be added to the general funds for construction purposes and acquisitions. **Office**—Los Angeles, Calif. **Underwriters**—William R. Staats & Co., of Los Angeles, Calif., and Bache & Co. and Shearson, Hammill & Co., both of New York City.

Miami Tile & Terrazzo, Inc.
March 11 filed 125,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—$150,000 as reduction of temporary bank loans, $140,000 in reduction of accounts payable, $65,000 to repay notes and loans payable to Barney B. and Nathan S. Lee, and the balance for general corporate purposes. **Office**—6454 N. E. 4th Ave., Miami, Fla. **Underwriter** — Plymouth Bond & Share Corp., Miami, Fla.

● Midwest Technical Development Corp. (7/11-15)
May 17 filed 561,500 shares of common stock, to be offered to holders of the outstanding common on a one-for-one basis. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Minneapolis, Minn. **Underwriters**—Shearson, Hammill & Co., New York City, and Piper, Jaffray & Hopwood, Minneapolis.

Midwestern Indemnity Co.
March 25 (letter of notification) 15,832 shares of common stock (par $5) being offered for subscription by stockholders of record at the close of business on March 4, 1960 in the ratio of one share for each three shares held with rights to expire on July 22. **Price** — $17 per share. **Proceeds**—For working capital. **Address**—Cincinnati, Ohio. **Underwriter**—W. D. Gradison & Co., Cincinnati, Ohio.

Miles Laboratories, Inc.
May 18, 1960 filed $8,255,000 of 4¾% convertible subordinated debentures due 1980. The company is offering to the holders of its outstanding common stock of record June 24, 1960, rights to subscribe for the debentures in the ratio of $100 principal amount of debentures for each 16 shares of common stock then held; the subscription offer will expire July 11, 1960. The new debentures which will be convertible into common stock at a conversion price of $75 per share until maturity, unless previously redeemed, will be entitled to an annual sinking fund commencing July 1, 1966, sufficient to retire approximately 93% of the debentures prior to maturity. **Proceeds**—For repayment of short-term debt. **Underwriter**—The First Boston Corp., New York, managing.

● Mississippi River Fuel Corp. (7/8)
June 1 filed $24,000,000 of sinking fund debentures due 1980. **Price**—To be supplied by amendment. **Proceeds**—To be applied toward the reduction of outstanding bank loans. **Office** — St. Louis, Mo. **Underwriter** — Eastman Dillon, Union Securities & Co., New York.

Model Finance Service, Inc.
May 26 filed 100,000 shares of second cumulative preferred stock—65c convertible series, $5 par—and $1,000,000 of 6½% junior subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general working funds. **Office**—202 Dwight Building, Jackson, Mich. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill.

Monowall Homes, Inc.
April 22 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To pay an outstanding note, purchase of land, equipment and for working capital. **Office**—546 Equitable Building, Baltimore 2, Md. **Underwriter**—American Diversified Securities, Inc., Washington, D. C. **Offering**—Imminent.

Mustang Lubricant, Inc.
May 9 filed 80,000 shares of class A common stock. **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—Denver, Colo. **Underwriter**—To be supplied by amendment.

● Namm-Loeser's Inc. (7/11-15)
April 27 filed 217,278 shares of common stock (par $1). The company proposes to offer 108,000 shares of new common stock for subscription by holders of outstanding stock of record May 31, at the rate of one new share for each three shares held. Arebec Corp., of New York, which owns 109,278 common shares, has entered into an agreement to sell said shares to the underwriter. **Price**—To be supplied by amendment. **Proceeds**—To be

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added to company's general funds and will enable it to use all or part of the proceeds in the reduction of bank indebtedness. **Office** — 2301 Woodward Ave., Detroit, Mich. **Underwriter**—Ladenburg, Thalmann & Co., New York.

Narragansett Capital Corp. (8/8-12)
June 21, 1960, filed 1,000,000 shares of common stock (par $1). **Price**—$11 per share. **Proceeds**—For investment. Office—10 Dorrance Street, Providence, R. I. **Business**—This non-diversified closed-end management investment company intends to provide equity capital and to make long-term loans as contemplated by the Small Business Investment Act of 1958 to a diversified group of small business concerns. **Underwriter**—G. H. Walker & Co., New York.

● **National Capital Corp. (8/15-19)**
June 9, 1960, filed 240,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—For reduction of indebtedness, working capital, and general corporate purposes. **Office** — 350 Lincoln Road, Miami Beach, Fla. **Underwriters**—J. A. Winston & Co., Inc., and Netherlands Securities Co., Inc., both of New York City.

National Fountain Fair Corp.
May 27 (letter of notification) 75,000 shares of common stock (par $1). **Price** — $4 per share. **Proceeds** — For general corporate purposes. **Office** — 3000 Hempstead Turnpike, Levittown, L. I., N. Y. **Underwriter**—General Investing Corp., New York, N. Y.

National Lawnservice Corp.
Jan. 11 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 410 Livingston Avenue, North Babylon, N. Y. **Underwriter** —Fund Planning Inc., New York, N. Y. **Offering**—Expected sometime in July.

National Patent Development Corp. (7/18-22)
June 8, 1960, filed 150,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—Net of this sale in combination with cash on hand will be used to finance the client and sales solicitation program, and the balance for general corporate purposes. **Office**—68 William St., New York City. **Underwriters** — Globus, Inc. and Ross, Lyon & Co., both of New York City.

National Pool Equipment Co.
June 20, 1960, filed $1,000,000 of 6% convertible subordinated notes due 1974 and 66,666 shares of common stock into which the notes are convertible, to be offered for public sale by the 15 holders thereof. The said notes, initially issued on June 10, 1959, are convertible at the option of the holder into common stock at their principal amount at a conversion price of $15 per share. In addition, the company is registering 21,000 shares of common stock subject to warrants at $1 per warrant on June 10, 1959 in connection with the issuance of the notes and exercisable at $15 per share. **Price**—To be supplied by amendment. **Proceeds**—In the amount of $315,000 received upon exercise of the 21,000 warrants will be used for general corporate purposes. **Office**—Lee Highway, Florence, Ala. **Business**—The company is engaged in the business of designing, manufacturing and selling component parts of swimming pools for public and private use and in manufacturing and selling swimming pool equipment, accessories, chemicals and supplies. **Underwriter**—None.

★ **Natural Gas Pipeline Co. of America (8/17)**
July 1, 1960, filed $25,000,000 of first mortgage pipeline bonds, due 1980. **Price**—To be supplied by amendment. **Proceeds**—To be applied in part to the payment of outstanding bank loans and the balance used for construction requirements. **Office** — 122 South Michigan Ave., Chicago, Ill. **Business**—Public utility. **Underwriters**—Dillon, Read & Co. Inc., and Halsey, Stuart & Co. Inc., both of New York.

★ **Natural Gas Pipeline Co. of America (8/17)**
July 1, 1960, filed 150,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To be applied in part to the payment of outstanding bank loans and the balance used for construction requirements. **Office** — 122 South Michigan Ave., Chicago, Ill. **Underwriter**—Dillon, Read & Co. Inc., New York.

● **Navigation Computer Corp. (7/13)**
May 18 filed 50,709 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and used for general corporate purposes. **Office**—1621 Snyder Ave., Philadelphia, Pa. **Underwriters**—Drexel & Co. and De-Haven & Townsend, Crouter & Bodine, both of Philadelphia, Pa.

● **Nebraska Consolidated Mills Co.**
May 11 filed 111,951 shares of common stock, being offered for subscription by holders of outstanding common, at the rate of one new share for each four shares held. **Price** — $10 per share. **Proceeds** — To be added to the general funds of the company and will be used to finance larger inventories and accounts receivable. **Office**—1521 North 16th St., Omaha, Neb. **Underwriter**—None. **Note**—This statement was effective on July 5.

Needham Packing Co.
June 28, 1960, filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—Toward the payment of a $2,000,000 bank loan. **Office** — Sioux City, Iowa. **Underwriter** — Cruttenden, Podesta & Co., Chicago.

● **New Britain Gas Light Co. (7/8)**
May 18 filed a maximum of 16,000 shares of common stock (par $25), to be offered to holders of the outstanding common of record July 6 on the basis of one new share for each five shares held, with rights to expire on July 26. **Price**—To be supplied by amendment. **Proceeds**—To discharge bank loans, for construction, and for general corporate purposes. **Office**—New Britain, Conn. **Underwriter**—Putnam & Co., Hartford, Conn.

New Jersey Power & Light Co. (7/19)
May 24 filed $5,000,000 of first mortgage bonds, due 1990. **Proceeds**—For construction and reduction of indebtedness. **Office**—Denville, N. J. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co., and White, Weld & Co. (jointly). **Bids** —Expected to be received on July 19 up to 11 a.m. EDT. **Information Meeting** — Scheduled for July 15 at 67 Broad Street, at 10:00 a.m.

North American Merchandising Co.
May 26 (letter of notification) $300,000 of 7% convertible sinking fund debentures due July 1, 1965. **Price**—At face amount. **Proceeds**—To repay short-term loans and for working capital. **Office**—118 Cole Street, Dallas, Texas. **Underwriter**—Parker, Ford & Co., Inc., Dallas, Texas.

North Washington Land Co.
May 3 filed $1,600,000 of first mortgage participation certificates. **Price**—The certificates will be offered at a discount of 17.18% from face value. **Proceeds**—For the primary purpose of refinancing existing loans. **Office**—1160 Rockville Pike, Rockville, Md. **Underwriter**—Investor Service Securities, Inc.

Northern Illinois Gas Co. (7/13)
May 27 filed $30,000,000 of first mortgage bonds due 1985. **Proceeds**—To be applied to the retirement of not to exceed $5,000,000 of bank loans to be obtained for temporary financing of part of the company's new construction and to increase working capital for application to construction expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc. group. **Bids**—To be received on July 13, up to 10:00 a.m. CDST. **Information Meeting** — Scheduled for July 6 up to 11:00 a.m. EDT, at Bankers Trust Co., 16 Wall St., New York City, 12th floor, room 12A.

Norwalk Co., Inc. (8/8)
June 6 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To reduce indebtedness, purchase machinery and equipment, and add to working capital. **Office**—North Water Street, So. Norwalk, Conn. **Underwriter**—Myron A. Lomasney & Co., New York City.

Nuclear Engineering Co., Inc.
April 18 (letter of notification) 30,000 shares of common stock (par 33.3 cents). **Price**—$10 per share. **Proceeds** —To replace bank financing, reduce accounts payable, purchase machinery and equipment and for working capital. **Office**—65 Ray St., Pleasanton, Calif. **Underwriter**—Pacific Investment Brokers, Inc., Seattle, Wash.

● **Obear-Nester Glass Co. (7/8)**
April 14 filed 210,045 shares of common stock (no par). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—Broadway and 20th, East St. Louis, Ill. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

★ **Officers Automotive Assistance Association, Inc.**
June 27, 1960 (letter of notification) 5,000 shares of common stock (no par). **Price**—$20 per share. **Proceeds**—For general corporate purposes and working capital. **Office**—212 McGee Drive, Fort Worth, Tex. **Underwriter** —None.

● **Oil Shale Corp.**
March 30 filed 300,000 shares of common stock being offered to the holders of its outstanding common stock. **Price**—$2.50 per share. **Proceeds**—For general corporate purposes. **Office** — 9489 Dayton Way, Beverly Hills, Calif. **Underwriter** — None. **Note** — This statement was effective on July 1.

★ **Organ Corp. of America**
June 28, 1960, (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price** — $3 per share. **Proceeds**—For general corporate purposes. **Office** —59 Hempstead Gardens Drive, W. Hempstead, L. I., N. Y. **Underwriters**—J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc., New York, N. Y. **Offering**—Expected in mid-August.

● **Oxford Manufacturing Co., Inc. (7/14)**
May 3 filed 240,000 shares of class A common stock (par $1), of which 160,000 shares are now outstanding and are to be offered for public sale by the present holders thereof and the remaining 80,000 shares will be offered by the issuing company. **Price** — To be supplied by amendment. **Proceeds**—$150,000 will be used for the purchase of additional machinery and equipment to be installed in certain new manufacturing plant facilities, construction of which has been completed; the balance of the proceeds will be used for general corporate purposes. **Office**—151 Spring Street, N. W., Atlanta, Ga. **Underwriters**—W. C. Langley & Co., New York; and Courts & Co., Atlanta and New York.

Pacotronics, Inc. (7/15)
June 2 filed 150,000 shares of common stock. **Price**—$4 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness and research and development expenses. **Office** — 70-31 84th Street, Glendale, L. I., N. Y. **Underwriter**—Myron A. Lomasney & Co., New York City.

● **Papercraft Corp. (7/13)**
June 2 filed 130,063 shares of common stock (par $1), to be offered initially to stockholders of the corporation at the rate of one additional share for each eight shares presently held. **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans incurred in connection with the recent acquisition of LePage's Division of Johnson & Johnson. Any balance will be added to the company's general funds. **Office**—Pittsburgh, Pa. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

★ **Para Pharmacal Products, Inc.**
June 22, 1960 (letter of notification) 1,000 shares of common stock. **Price**—At par ($25 per share). **Proceeds** —To increase merchandise stock, operational expenses, machinery and equipment and for a reserve fund. **Office** —207 Pioneer Trust Bldg., Salem, Ore. **Underwriter**—None.

Patrick County Canning Co., Inc.
March 25 filed 140,000 shares of common stock. **Price**—$3 per share. **Proceeds**—About $162,000 will be applied to the payment of certain indebtedness; $25,000 for additional machinery and equipment; and $118,752 for working capital, promotion and advertising. **Office**—52 Broadway, New York. **Underwriter** — G. Everett Parks & Co., Inc., New York. **Offering**—Expected sometime in August.

Patton Engineering Corp.
June 3, 1960 (letter of notification) 19,000 shares of class B common stock (no par). **Price**—$5 per share. **Proceeds** —For working capital. **Address** — Bert Lane, North Hampton, N. H. **Underwriter**—Eastern Investment Corp., Manchester, N. H.

Pauley Petroleum Inc. (7/11)
May 27 filed $10,000,000 of subordinated debentures (convertible) due 1976. **Price** — To be supplied by amendment. **Proceeds**—$7,000,000 will be applied to the payment of bank borrowing incurred in connection with the company's Mexican Tidelands operations and to the reduction of current liabilities. The balance will be added to the general funds of the company and will be available for general corporate purposes. **Office**—717 No. Highland Avenue, Los Angeles, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

● **Pearson Corp. (8/22-26)**
March 30 filed 50,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—$60,000 will be utilized to repay the company's indebtedness to Business Development Co. of Rhode Island; the balance will be added to working capital for general corporate purposes, principally to finance inventory and for other manufacturing costs. **Office**—1 Constitution St., Bristol, R. I. **Underwriter**—R. A. Holman & Co., Inc., New York.

★ **Phelan Finance Corp.**
June 27, 1960, (letter of notification) $250,000 of five-year 8% variable subordinated debentures to be offered in denominations of $500 and $1,000. **Price**—At par. **Proceeds**—To reduce bank loans and for working capital. **Office**—1401 Peachtree Street, N. E., Atlanta, Ga. **Underwriter**—None.

Philippine Oil Development Co., Inc.
March 30 filed 103,452,615 shares of capital stock, to be offered for subscription by stockholders at the rate of one new share for each 5½ shares held. **Price** — To be supplied by amendment. **Proceeds**—To be added to the company's working capital. **Office** — Soriano Bldg., Manila, Philippines. **Underwriter**—None.

Plastics & Fibers, Inc.
June 14 (letter of notification) 150,000 shares of common stock (par 20 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—Whitehead Avenue, South River, N. J. **Underwriter**—Pearson, Murphy & Co., Inc., New York, N. Y.

Polycast Corp. (7/11-15)
May 19 filed $400,000 of 6½% convertible subordinated debentures and 71,364 shares of common stock, of which the debentures and 20,000 shares of common stock will be offered publicly; 15,000 shares are issuable upon the exercise of warrants and the remaining 36,364 shares are issuable upon conversion of the debentures. **Price**—For debentures, 100%; price for common stock will be supplied by amendment. **Proceeds**—To be used in part ($325,000) to purchase equipment, and the balance will be used for working capital purposes. **Office**—69 Southfield Ave., Stamford, Conn. **Underwriters**—M. L. Lee & Co., Inc. and Milton D. Blauner & Co., Inc., both of New York.

★ **Potlatch Motel Co.**
June 22, 1960, (letter of notification) 6,000 shares of common stock and 1,500 shares of 7% participating preferred stock. **Price**—At par ($40 per share). **Proceeds** —For construction of a building and operating capital. **Office**—110 American Street, Sitka, Alaska. **Underwriter** —None.

Powertron Ultrasonics, Inc.
June 20, 1960 filed 205,000 shares of common stock. **Price**—$2 per share. **Proceeds**—$143,668 will be used to retire three short-term notes, and the balance of approximately $256,832 will be used to provide additional working capital. **Office** — Roosevelt Field Industrial Park, Garden City, L. I., N. Y. **Business** — Company develops and markets a variety of electrical and electronic products incorpoarting ultrasonic principles. **Underwriter**—None.

Progress Electronics Corp.
May 25 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—To develop and produce proprietary items in the electronics field. **Office**—1240 First Security Building, Salt Lake City, Utah. **Underwriter**—Binder & Co., Inc., 541 South Spring Street, Los Angeles, Calif. **Offering**—Imminent.

Provident Fund for Income, Inc.
Dec. 23 filed 400,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For investment. **Office**—3 Penn Center Plaza, Philadelphia, Pa.

Underwriter—Provident Management Corp., same address. **Offering**—Imminent.

Puerto Rico Telephone Co.
June 23, 1960, filed 100,000 shares of common stock, to be offered for subscription of holders of its outstanding common stock on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, will be added to the general funds of the company, which will be used in furtherance of a five year expansion and improvement program initiated in 1959, and to repay indebtedness to banks and ITT incurred for the purchase of materials and equipment used or to be used for said program. **Office**—261 Tanca St., San Juan, Puerto Rico. **Underwriter**—None.

Putnam (J. L.) Co., Inc.
June 16, 1960 (letter of notification) 50,000 shares of class B common stock (par $1). **Price** — $4 per share. **Proceeds** — For general corporate purposes. **Address**—Biddeford, Maine. **Underwriters** — J. L. Brady & Co., Worcester, Mass. and David G. Means, Bangor, Maine.

Pyramid Electric Co. (7/18-22)
April 1 filed 89,675 shares of common stock to be issued to holders of the company's outstanding stock purchase warrants at the rate of one share for each warrant at a price of $3.25 per share. The warrants were issued in and after May, 1954, in connection with a previous public offering and included 46,000 to the underwriter, S. D. Fuller & Co., and 46,000 to the company's officers and employees. At present there are 89,675 warrants outstanding. **Office**—52 Broadway, New York.

Reeves Broadcasting & Development Corp. (7/11-15)
March 30 filed 487,392 shares of common stock, of which 300,000 shares are to be publicly offered and 187,392 shares are to be purchased by Christiana Oil at $4.75 per share and distributed as a dividend to its 2,800 stockholders. **Price**—$5 per share. **Proceeds**—To pay a $110,000 bank note and for general corporate purposes. **Office**—304 East 44th St., New York. **Underwriter**—Laird & Co. Corp., New York.

Reilly-Wolff Associates, Inc.
June 14, 1960 (letter of notification) 43,000 shares of class A stock (par one cent). **Price**—$5 per share. **Business**—The company is an integrated furniture manufacturer, specializing in outdoor and office types of furniture. **Proceeds**—For general corporate purposes. **Office**—120 E. 32nd St., New York, N. Y. **Underwriter**—Arden Perin & Co., Inc., New York, N. Y. **Offering**—Expected sometime in August.

● Republic Ambassador Associates (7/18-22)
April 29 filed $10,000,000 of Limited Partnership Interests, to be offered in units. **Price**—$10,000 per unit. **Proceeds**—To purchase hotels in Chicago from a Webb & Knapp subsidiary. **Office**—111 West Monroe Street, Chicago, Ill. **Underwriter**—Lee Higginson Corp., New York.

★ Roliton Corp.
June 28, 1960, (letter of notification) 175,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For training, advertising, salaries and fees, travel expenses and working capital. **Office** — 1600 Ogden Street, Denver, Colo. **Underwriter**—Copley & Co., Colorado Springs, Colo.

Roller Derby TV, Inc.
March 30 filed 277,000 shares of common stock, of which 117,000 shares are to be offered for public sale by the issuing company, and the remaining 145,000 shares will be sold for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes relating to the production and sales of motion picture films of the Roller Derby, and the balance for working capital. **Office**—4435 Woodley Ave., Encino, Calif. **Underwriter**—To be supplied by amendment.

● Roto American Corp. (8/8-12)
May 27 filed 75,000 shares of common stock (par $1) to be offered for cash sale to the public, and 44,283 shares to be issued in exchange for common and preferred shares of four subsidiaries. **Price**—To be supplied by amendment. **Proceeds**—To be used largely for reduction of accounts payable, as well as for new tooling, research, repayment of an officer's loan, and general corporate purposes. **Office**—93 Worth Street, New York. **Underwriter**—Morris Cohon & Co., New York.

S.A.F., Ltd.
May 6 filed $303,000 of partnership interests, to be offered for sale in units. **Price**—$500 per unit. **Proceeds**—To acquire fee title to certain land in St. Augustine, Fla., upon which will be constructed a 54-unit Howard Johnson Motor Lodge and restaurant, swimming pool and related facilities. **Office**—60 East Coral Center, Fort Lauderdale, Fla. **Underwriters**—Radice Securities Corp. and Jerry Thomas & Co., Inc., Palm Beach, Fla. **Offering**—Imminent.

Safticraft Corp., Patterson, La. (7/8-11)
April 29 filed 275,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—The company proposes to use $50,000 to expand its efforts in the sale of Safticraft boats nationally; $250,000 for reduction of short-term borrowings; and the remaining $293,500 to be advanced to du Pont, Inc. as additional working capital necessary in the financing of increased inventories and receivables incident to the increased sales volume of Dupont. **Underwriter** — George, O'Neill & Co., Inc., New York.

Saucon Development Corp.
April 28 (letter of notification) an undetermined number of shares of common stock (par $1) not to exceed $300,000. **Price**—To be supplied by amendment. **Proceeds**—For mining expenses. **Office** — c/o Wallace F. McQuade, Pres., 246 Beaconsfield Blvd., Beaconsfield, Quebec, Canada. **Underwriter**—P. Michael & Co., 69 Passaic St., Garfield, N. J.

Sav-A-Stop, Inc. (7/11-15)
May 27 filed 100,000 shares of common stock (par 10 cents). **Price**—$4.50 per share. **Proceeds**—For working capital. **Office** — 2202 Main Street, Jacksonville. Fla. **Underwriter**—Pistell, Crow Inc., of New York City, formerly Pistell, Schroeder & Co.

● Seaboard Finance Co.
June 23, 1960, filed $40,000,000 of sinking fund debentures due 1980. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and will be available to pay current indebtedness and to carry additional receivables. **Office**—818 W. 7th St., Los Angeles 17, Calif. **Underwriters**—Lehman Bros. and Blyth & Co., Inc., both of New York. **Offering**—Expected in late July to early August.

● Sea-Highways, Inc. (7/11-15)
May 9 filed 150,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For working capital. **Office**—Pan-American Bank Bldg., Miami, Fla. **Underwriter**—John R. Maher Associates, of New York.

● Seaway Shopping Centers, Inc. (7/11-20)
May 20 filed 90,000 shares of $.50 cumulative convertible preferred stock, ($.01 par) and 90,000 shares of class A common stock ($.01 par). It is proposed to offer these shares in units, each consisting of one share of preferred at $7 per share and one class A share at $3 per share, or $10 for the unit. **Proceeds**—To complete construction of new shopping centers. **Office** — 619 Powers Bldg., Rochester, N. Y. **Underwriter**—John R. Boland & Co., Inc., New York.

Seneca Manufacturing Corp., Inc.
June 23, 1960 (letter of notification) 60,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To repay unsecured notes, for inventory, purchase of additional machinery and to increase capital surplus. **Office**—751 W. 8th South, Salt Lake City, Utah. **Underwriter**—Continental Securities Corp., Suite 627 Continental Bank Bldg., Salt Lake City, Utah.

Service Instrument Corp.
March 23 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds** — For general corporate purposes. **Office** — 693 Broadway, New York, N. Y. **Underwriter** — Pearson Murphy & Co., Inc., New York, N. Y. **Offering**—Imminent.

Skyline Homes, Inc. (7/12)
April 15 filed 115,000 shares of class A common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's working capital and used for general corporate purposes. **Office**—2520 By-Pass Road., Elkhart, Ind. **Underwriter**—Rodman & Renshaw, Chicago, Ill.

Smith, (Herman H.) Inc.
May 24 (letter of notification) 82,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—2326 Nostrand Ave., Brooklyn, N. Y. **Underwriters**—First Broad Street Corp.; Globus, Inc.; Russell & Saxe, Inc., V. S. Wickett & Co., Inc., and Street & Co., Inc., all of New York.

Softol, Inc.
June 17, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 992 Springfield Ave., Irvington, N. J. **Business**—The company manufactures cosmetics and toiletry items. **Underwriter**—Harwyn Securities, Inc., 1457 Broadway, New York 36, N. Y.

Sottile, Inc. (Formerly South Dade Farms, Inc.)
July 29 filed 2,000,000 shares of common stock (par $1), of which 1,543,000 shares are to be issued and sold for the account of the company, and 457,000 shares, representing outstanding stock, to be sold for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To retire 70% of the common stock outstanding at the date of the stock offering; to invest in the capital stocks of six of the company's seven bank subsidiaries; to repay a bank loan of $6,400,000; to add to working capital; to retire certain long-term indebtedness; and to develop citrus groves. **Office**—250 South East First Street, Miami, Fla. **Underwriter**—Bear, Stearns & Co., New York. **Offering**—Indefinite.

Southern Counties Gas Co. of California (7/26)
June 23, 1960, filed $23,000,000 of first mortgage bonds. **Proceeds**—To be used to repay in full the company's short-term indebtedness to its parent, Pacific Lighting Corp., which is expected to approximate $14,000,000 as of Aug. 1, 1960. Said indebtedness represents advances made to the company to provide temporary funds for construction and expansion. The balance of the net proceeds will be used to finance in part the cost incurred, or to be incurred, in connection with such program and to reimburse money actually expended from income or from other money in the treasury of the company for similar purposes in 1960 or any prior year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.. Inc.; Blyth & Co., Inc.; The First Boston Corp.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—Tentatively expected to be received on July 26. **Information Meeting**—Scheduled for July 22 at 10:00 a.m.. EDST at the Bankers Trust Co., 16 Wall St., New York City.

Southwestern Oil Producers, Inc.
March 23 filed 700,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For the drilling of three wells and the balance for working capital. **Office**—2720 West Mockingbird Lane, Dallas. **Underwriter** — Elmer K. Aagaard, 6 Salt Lake Stock Exchange Bldg., Salt Lake City, Utah.

Sprayfoil Corp.
June 22, 1960, filed 250,000 shares of common stock. **Price**—$2 per share. **Proceeds**—Approximately $250,000 will be used in the development, engineering and design of new products, approximatly $150,000 will be used in the manufacture of the products of the company and for the purchase of necessary tools and equipment, and approximately $93,443 will be added to the company's working capital. **Business**—The company engages in the development, engineering and exploitation of products and uses applying the principles incorporated in patents covering the so-called "Coanda airfoil technique" of atomizing liquids. **Office**—2635 Louisiana Ave., South, Minneapolis, Minn. **Underwriter**—None.

★ State Loan & Finance Corp. (7/25)
June 22, 1960, filed $20,000,000 of sinking fund debentures due 1980. **Price** — To be supplied by amendment. **Proceeds**—To be added to the company's general funds. **Business** — Engaged in consumer finance (small loan) business. **Office**—1200 Eighteenth St., N. W., Washington 6, D. C. **Underwriters** — Johnston, Lemon & Co., Washington, D. C., and Eastman Dillon, Union Securities & Co., New York.

Steck Co.
June 24, 1960, filed 60,000 shares of common stock, of which 30,000 shares are to be offered for public sale by the issuing company and 30,000 shares are now outstanding and are to be offered by the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To supply funds for working capital. **Office**—205 West 9th St., Austin, Tex. **Business**—The company is engaged in the printing and publishing business and in the sale of office supplies and equipment. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas, Tex.

Stelma, Inc. (7/25-29)
May 10 filed 175,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — Stamford, Conn. **Underwriter**—Amos Treat & Co. Inc., New York City.

★ Storm Mountain Ski Corp.
June 30, 1960, filed $500,000 of 8% subordinated debentures due 1975 and 100,000 shares of common stock, to be offered for public sale in units consisting of a $50 debenture and 10 shares of stock. **Price**—$75 per unit. **Proceeds** — To pursue the development of the resort. **Office** — Steamboat Springs, Colo. **Business** — Company was organized for the purpose of developing and operating a ski and summer resort on Storm Mountain on the Continental Divide, about 2 miles from Steamboat Springs. **Underwriter**—None.

Sunbury Milk Products Co.
June 20, 1960 (letter of notification) 20,000 shares of common stock (par $5). **Price**—$15 per share. **Proceeds**—To liquidate short-term bank loans and for working capital. **Office**—178 Lenker Ave., Sunbury, Pa. **Underwriter**—Hecker & Co., Philadelphia, Pa.

Super Food Services, Inc.
May 10 filed 60,000 preferred shares-convertible series ($1.50 annual cumulative dividend), $1 par. The company proposes to sell 50,000 shares through a group of underwriters headed by Wm. H. Tegtmeyer & Co., Chicago, Ill. on a firm commitment basis; and by a pre-offering subscription Central Securities Corp. has conditionally agreed to purchase 10,000 such shares. **Price**—$25 per share for public offering. **Proceeds**—To provide the funds to exercise an option to purchase 72,600 of the 113,003 issued and outstanding shares of common of Progressive Wholesale Grocery Co., at a maximum aggregate price of $1,333,333. **Office**—Chicago, Ill.

Swimming Pool Development Co., Inc. (7/11)
April 15 filed 250,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — Principally for additional working capital. **Office**—Florence, Ala. **Underwriter**—Marron, Sloss & Co., Inc., New York.

System Meat Co.
June 2 filed 150,000 shares of common stock. **Price**—$5 per share. **Proceeds** — For payment of employees' salaries, first mortgage installment, accrued officers' salaries, and the balance for working capital. **Office** — Newcastle, Wyo. **Underwriter**—Purvis & Co., Denver, Colo. **Offering**—Expected sometime in July.

● Tally Industries, Inc.
June 14, 1960, filed 150,000 shares of common stock. **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes, including the reduction of indebtedness, research and development expenses, and the acquisition of machinery and equipment. **Office**—Cheshire, Conn. **Underwriter**—Adams & Peck, New York City. **Offering**—Expected sometime in August.

★ Tamarack Country Club, Inc.
July 5, 1960, filed $3,067,500 of 30-year non-interest-bearing subordinated debentures, due June 1, 1990, to be offered in units to club members only in amounts varying from $500 to $2,500. **Price**—$100 per unit. **Proceeds**—For land purchase, club house, decorations and furnishings. **Office**—Kensington Heights, Md. **Underwriter**—None.

★ Taylor International Corp.
June 29, 1960, filed 117,306 shares of common stock. This stock is reserved for issuance upon exercise of outstanding stock purchase warrants. Such warrants evidence the right to purchase one share of stock at $6.80 up to and including Jan. 1, 1965 and at $7.77 from Feb. 1, 1965 to Feb. 1, 1971. Also included in the registration statements are $750,000 principal amount of 6% subordinated serial debentures which were privately sold in January, 1959. The warrants were attached to, but detachable from the debentures on and after Feb. 1, 1960. **Business**—The company is engaged in the construction and build-

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ing industry, primarily in the resort hotel field. **Proceeds** — For general corporate purposes. **Office** — 420 Lexington Ave., New York. **Underwriter**—None.

Techno Fund, Inc.
June 24, 1960, filed 400,000 shares of common stock. **Price**—$12.50 per share. **Proceeds**—For investment. **Office**—50 West Gay St., Columbus, Ohio. **Business**—A closed-end, non-diversified management investment company. **Underwriters**—The Ohio Company, Columbus, Ohio and Merrill, Turben & Co., Inc., Cleveland, Ohio.

★ Tech-Ohm Electronics, Inc.
June 29, 1960, (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—36-11 33rd Street, Long Island City, N. Y. **Underwriter** — Edward Lewis Co., Inc., New York, N. Y.

Telephone & Electronics Corp. (7/25-29)
June 14, 1960 (letter of notification) 52,980 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—7 East 42nd St., New York 17, N. Y. **Underwriter**—Equity Securities Co., New York, N. Y.

★ Tempest International Corp.
June 27, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For inventory, tooling, advertising and working capital. **Office** — Suite 549, Pan American Building, Miami, Fla. **Underwriter**—None.

• Terminal Electronics, Inc.
June 24, 1960, filed 166,668 shares of capital stock (par 25 cents), of which 83,334 shares are to be offered for public sale for the account of the issuing company and the balance for the account of William Filler, President. **Price**—$6 per share. **Proceeds**—$190,000 is to be used to pay the remaining balance of its obligation incurred in connection with the purchase of Terminal stock from the Estate of Frank Miller; $100,000 to repay a bank loan; and the balance for general corporate purposes, including the obtaining and equipping of an additional retail outlet. **Business**—Wholesale and retail distribution of retail electronics parts and components. **Office**—236-246 17th Street, New York. **Underwriters**—J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc., both of New York. **Note**—Name is to be changed to Terminal-Hudson Electronics, Inc. upon effectiveness of a merger with Hudson Radio & TV Corp., which will take place if and when all of the shares offered hereby are sold. **Offering**—Expected in Mid-August.

• Texas Capital Corp. (7/12)
May 4 filed 350,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To be used to provide investment capital and management services to small business concerns. **Office**—705 Lamar Blvd., Austin, Texas. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

Texas Eastern Transmission Corp.
April 11 filed $25,000,000 of debentures, due 1980. **Price**—To be supplied by amendment. **Proceeds**—For the reduction of indebtedness and for construction expenses. **Office**—Houston, Texas. **Underwriter**—Dillon, Read & Co., Inc., New York City. **Note**—This offering has been indefinitely postponed.

Thurow Electronics, Inc.
March 28 filed 200,000 shares of class A common stock, (par $2.50) of which 100,000 shares are to be offered for public sale by the issuing company and the balance by H. M. Carpenter, President. **Price**—$3 per share. **Proceeds**—To be used as additional working capital for inventory and business expansion purposes. **Office**—121 South Water, Tampa, Fla. **Underwriter**—Donald V. Stabell, of St. Petersburg, Fla. **Offering**—Imminent.

Three-L-Corp.
March 24 filed 3,500,000 shares of common stock. **Price**—$1 per share. Proceeds—$46,098 will be applied to the acquisition of 493 acreas of land in Fairfield Township, Hyde County, and $15,000 for payment of the July instalment on acquisition of about 12,726 acres in Hyde County; $500,000 for purchase and installation of machinery, equipment and saw mill and $75,000 for working capital in connection with lumber operations; $65,000 for January 1961 instalment payment on the 12,726 acres; and the balance to purchase livestock, planting feed and pasture, raising livestock, and additional working capital. **Office**—Fairfield, N. C. **Underwriter**—Participating dealers will receive 15 cents per share.

Townsend Investment Co., Inc.
June 20, 1960 (letter of notification) $300,000 of 6% first mortgage bonds and 3,000 shares of common stock (par $5) to be offered in units consisting of one $1,000 bond and 10 shares of common stock. **Price**—$1,000 per unit. **Proceeds**—To pay off a present mortgage and for working capital. **Address** — P. O. Box 68, Townsend, Tenn. **Underwriter**—Davidson & Co., Inc., Knoxville, Tenn.

• Transnation Realty Corp. (7/25-29)
March 1 filed $700,000 of 8% subordinated Installment debentures, due in March, 1970, 70,000 shares of common stock (10 cents par) and 35,000 common stock purchase warrants (exercisable at $4.30 per share until May 15, 1965), to be offered in units consisting of $100 of debentures, 10 common shares, and five warrants. **Price**—$143 per unit. **Proceeds**—To be applied toward the company's general business activities. **Office**—292 Madison Avenue, New York. **Underwriters**—Ross, Lyon & Co., Inc., and Globus, Inc., both of New York. **Note**—This company was formerly called the Goelet Corp.

Tri-Point Plastics, Inc.
March 15 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—175 I. U. Willets Road, Albertson, L. I., N. Y. **Underwriter**—Martinelli, Hindley & Co., Inc., New York, N. Y. **Offering** — Imminent.

• Triumph Storecrafters Corp. (7/8-13)
May 18 filed 145,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Houston, Texas. **Underwriters**—Hardy & Hardy, New York City, and First Southeastern Co., Atlanta, Ga.

Underwriters National Assurance Co.
May 12 filed 240,000 shares of common capital stock. **Price**—$7.50 per share. **Proceeds**—For general corporate purposes, including payment of operating expenses, the carrying on of the insurance business, and for working capital (and including $50,000 which will be certified to State authorities for investigation and examination by it to procure the certificate of authority to transact insurance business). **Office**—1939 North Meridian St., Indianapolis, Ind. **Underwriter**—David L. Johnson & Associates, Inc., Indianapolis, Ind.

United Aero Products Corp. (8/1)
June 15, 1960 filed 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The manufacture of precision metal products for use in the aircraft, missile and electronics industries. **Proceeds**—For an additional plant, machinery and equipment, the repayment of loans, and the balance for working capital. **Office**—Burlington, N. J. **Underwriters**—L. C. Wegard & Co. of Levittown, N. J.; Street & Co., Inc. of New York City; Woodcock, Moyer, Fricke & French of Philadelphia, Pa.; First Broad Street Corp., Russell & Saxe and V. S. Wickett & Co., Inc. all of New York City.

• United Research Inc. (7/8-11)
June 17, 1960 (letter of notification) 30,000 shares of common stock (par $2). **Price**—$10 per share. **Proceeds**—To retire bank loans and for general corporate purposes. **Office** — 808 Memorial Drive, Cambridge, Mass. **Underwriter**—Smith, Barney & Co., New York, N. Y.

United Sheet Metal Co., Inc.
June 16, 1960 filed 170,000 shares of common stock (no par), of which 85,000 shares are for public offering and 85,000 are outstanding and are to be offered for the account of present holders. **Price** — To be supplied by amendment. **Proceeds**—Of the public sale, for working capital and general corporate purposes. **Office** — 883 North Cassady Ave., Columbus, Ohio. **Underwriter**—R. W. Pressprich & Co., New York City. **Offering**—Expected sometime in August.

United States Boat Corp. (7/11-15)
March 28 filed 350,000 shares of common stock to be publicly offered. **Price**—$2 per share. **Proceeds**—$221,826 will be applied to the repayment of loans to United States Pool Corp. which were used for general corporate purposes, and the balance will be utilized for working capital, including a later repayment of $45,000 to U. S. Pool Corp. **Office** — 27 Haynes Avenue, Newark, N. J. **Underwriter**—Richard Bruce & Co., Inc., New York.

★ United States Bowling Corp.
June 22, 1960, (letter of notification) 112,500 shares of common stock (par 25 cents) and $112,500 of 10-year 6½% convertible debentures to be offered in units of one debenture ($100 principal amount) and 100 shares of common stock. **Price**—$200 per unit. **Proceeds**—For working capital to lease and operate additional bowling centers. **Office**—East 701 First National Bank Building, St. Paul, Minn. **Underwriter** — Irving J. Rice & Co., St. Paul, Minn.

★ U. S. Photo Supply Co., Inc.
June 23, 1960, (letter of notification) 120,000 shares of common stock (par 50 cents). **Price**—$2.50 per share. **Proceeds**—To pay debts and increase line of credit. **Office**—6478 Sligo Mill Road, Washington 12, D. C. **Underwriter**—Balogh & Co., Washington, D. C.

Universal Marion Corp.
April 15 filed 435,120 shares of common stock (no par), being offered for subscription by common stockholders of record June 10, at the rate of one new share for each four shares or fraction thereof with rights to expire on July 11 at 3:30 p.m. (EDT). **Price** — $13.50 per share. **Proceeds**—To be added to the general funds of the company and be available for use in developing the company's tract of land near Tampa, Fla., for working capital and for possible acquisition of other properties. **Office**—602 Florida Theatre Bldg., Jacksonville, Fla. **Underwriter**—None.

Universal Marion Corp.
March 29 filed 31,361 shares of 4½% cumulative preferred stock ($100 par). **Price**—To be offered for sale in the over-the-counter market, or otherwise by public or private sale at $95 per share, or such lesser price or prices which may be obtained. **Proceeds**—To selling stockholders. **Office**—602 Florida Theater Bldg., Jacksonville, Fla. **Underwriter**—None.

Variable Annuity Life Insurance Co. of America (7/25-29)
June 16, 1960 filed 1,000,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds**—Primarily to develop and expand the company's business. **Office**—1832 M St., N. W., Washington, D. C. **Underwriter** — John C. Legg & Co., Baltimore and New York.

Varian Associates (7/14)
May 24 filed 216,645 shares of capital stock to be offered for subscription by stockholders of record July 14, at the rate of one new share for each 15 shares held. **Price**—To be supplied by amendment. **Proceeds** — For construction, new machinery, the retirement of outstanding bank loans, and the balance for working capital. **Office**—Palo Alto, Calif. **Underwriter**—Dean Witter & Co., San Francisco, Calif.

★ Venture Capital Corp. of America
June 29, 1960, filed 275,000 shares of common stock (par $1). **Price** — $7.50 per share. **Proceeds** — To be used to fulfill the $300,000 minimum capital requirements of the Small Business Investment Act. **Business**—A closed-end non-diversified management investment company. **Office**—375 Park Ave., New York. **Underwriter**—Filor, Bullard & Smyth, Hardy & Co., Sprayregen, Haft & Co. and Bregman, Cummings & Co., all of New York. **Offering**—Expected in late August or early September.

Video Corp.
June 8, 1960 (letter of notification) 60,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—To pay notes, for expansion, and equipment, and the balance for working capital. **Address**—San Diego, Calif. **Underwriter**—Norman C. Roberts Co., San Diego, Calif.

• Waltham Precision Instrument Co., Inc.
April 15 filed 700,000 shares of common stock (par $1) being offered on a subscription basis to the company's present common stockholders offered June 30 with rights to expire on Aug. 4. **Price**—$2 per share. **Proceeds**—$600,000 to pay the balance of the purchase price for Boesch Manufacturing Co., Inc. stock; $350,000 to pay the 5% chattel mortgage note held by the Secretary of the U. S. Treasury as assignee of the Reconstruction Finance Corp.; $200,000 to pay the 6% secured notes issued as part payment for the stock of Electro-Mec Laboratory, Inc.; and the balance for working capital and other corporate purposes. **Office**—221 Crescent Street, Waltham, Mass. **Underwriter**—Schweickart & Co., New York.

Warner Electric Brake & Clutch Co.
June 29, 1960, filed 154,916 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—South Beloit, Ill. **Business** — Company produces electrically - actuated brakes and clutches used in a wide variety of industrial equipment, electric wheel brakes for mobile homes and trailers, and electric compressor and fan clutches used in automotive air conditioning and cooling systems. **Underwriters**—Blunt Ellis & Simmons and Bacon, Whipple & Co., both of Chicago, Ill.

Waterman Products Co., Inc.
June 24, 1960, filed 100,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To be used primarily to accelerate the development of the company's proprietary items for the purpose of expanding its commercial business. **Business**—Electronics field. **Office**—2445 Emerald St., Philadelphia, Pa. **Underwriter**—Stroud & Co., Philadelphia and New York.

Wenwood Organizations Inc.
June 17, 1960 filed $550,000 of 7½% subordinated sinking fund debentures due July, 1970 (with common stock purchase warrants). **Price**—100% of principal amount. **Proceeds**—$100,000 will be used for payment of a bank loan incurred to help finance the disposal plant and an estimated additional $50,000 to complete the plant; $109,000 to retire 10% debentures issued in payment of certain obligations of the company for services rendered; $25,000 for a sales program in connection with the Florida homes; and the balance for working capital to finance the continued development of the residential community in Sarasota and the construction of homes in West Palm Beach, and the development of a shopping center in Selden, L. I. **Office**—526 North Washington Blvd., Sarasota, Fla. **Underwriter**—Michael G. Kletz & Co., Inc., New York.

West Ohio Gas Co.
May 19 filed 43,048 shares of common stock being offered for subscription by its common stockholders of record June 6, 1960, at the rate of one new share for each 10 shares then held with rights to expire on July 22, at 2:00 p.m. EDT. **Price**—$17.50 per share. **Proceeds**—To be added to the company's general funds and will be used for property additions and improvements. An additional $300,000 is to be provided through long term financing during the current year. **Office** — 319 West Market Street, Lima, Ohio. **Underwriter**—None.

★ Western Factors, Inc.
June 29, 1960, filed 700,000 shares of common stock. **Price**—$1.50 per share. **Proceeds**—To be used principally for the purchase of additional accounts receivable and also may be used to liquidate current and long-term liabilities. **Office** — 1201 Continental Bank Bldg., Salt Lake City, Utah. **Business**—Factoring. **Underwriter**—Elmer K. Aagaard, Newhouse Bldg., Salt Lake City, Utah.

Western Kentucky Gas Co.
June 22, 1960, filed 55,000 outstanding shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholder (Henry L. Hillman of Pittsburgh, Pa.). **Business**—Operating public utility. **Address**—608 Frederica St., Owensboro, Ky.. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.. and New York.

★ Western Land Corp.
July 5, 1960, filed 1,500,000 shares of common stock. **Price**—$2 per share. **Business**—Company proposes to engage in the real estate business, including the purchase and sale of real property and the purchase or construction and development of industrial and other properties, including shopping centers and apartment and office buildings. **Proceeds** — Primarily for real estate investment. **Office**—2205 First National Bank Bldg., Minneapolis, Minn. **Underwriter** — First Western Corp., of Minneapolis, Minn.

Western Publishing Co., Inc.
June 17, 1960 filed 362,114 shares of common stock (par $1,) of which 150,000 shares are to be offered for the

issuer, and the remaining 212,114 shares are outstanding and will be offered for the account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For the general funds for general corporate purposes, including plant improvement and additional equipment. **Office**—1220 Mound Ave., Racine, Wis. **Underwriter**—Goldman, Sachs & Co. of New York City. **Note**—This company was formerly called the Western Printing and Lithographing Co. **Offering**—Expected in late July.

Westmore, Inc.
May 9 (letter of notification) 150,000 shares of common stock (par $2). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—137 South Ave., Fanwood, N. J. **Underwriter**—Jacey Securities Co., New York, N. Y.

● Wheeler Fibre Glass Boat Corp. (7/25-29)
May 19 filed 100,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—$35,000 for purchase of machinery and equipment; $18,000 for required deposits on the company's lease, insurance and utilities; $185,000 for working capital and the balance for expansion of production facilities. **Office**—450 Zerega Avenue, Bronx, N. Y. **Underwriter**—Morris Cohon & Company, of New York.

Whitmoyer Laboratories, Inc.
Jan. 28 filed 85,000 shares of common stock and $500,000 of 6% subordinated debentures, due 1977, with warrants for the purchase of 10,000 additional common shares at $5 per share. **Price** — For the debentures, 100% of principal amount; for the 85,000 common shares, $6 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness, sales promotion, and equipment. **Office**—Myerstown, Pa. **Underwriter**—Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia, Pa.

Willer Color Television System, Inc. (7/15)
Jan. 29 (letter of notification) 80,890 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—151 Odell Avenue, Yonkers, N. Y. **Underwriter**—Equity Securities Co., 39 Broadway, New York City.

● Win-Chek Industries, Inc.
April 26 filed 150,000 shares of class A stock to be publicly offered, 15,000 shares to be issued pursuant to a restricted stock option plan, and 21,500 shares being registered but not offered at this time. **Price**—$3 per share (par 25 cents). **Proceeds**—To purchase additional inventory and equipment and the balance to improve the company's working capital position. **Office** — Moonachie, N. J. **Underwriter**—Michael G. Kletz & Co. (managing). **Offering**—Imminent.

WonderBowl, Inc.
April 14 filed 3,401,351 shares of common stock (par $2). **Price**—$2 per share. **Proceeds**—For purchase of certain property, for constructing a motel on said property and various leasehold improvements on the property. **Office**—7805 Sunset Boulevard, Los Angeles, Calif. **Underwriter**—Standard Securities Corp., same address.

Yuscaran Mining Co.
May 6 filed 1,000,000 shares of common stock. **Price**— $1 per share. **Proceeds**—It is expected that some $100,000 will be used to purchase and install a mill for the processing of ore; $60,000 for rails, ties, rail cars and related equipment; $10,000 for rebuilding roads; $30,000 for transportation equipment; and $655,000 for working capital. **Office**—6815 Tordera St., Coral Gables, Fla. **Underwriter**—None.

Prospective Offerings

Acme Steel Co.
March 25 the company's annual report stated that capital improvements during 1960-63, inclusive, have been projected to cost between $40,000,000 and $45,000,000. It is anticipated that a substantial proportion of this money will be forthcoming from depreciation and retained earnings. In addition, the sale of $10,000,000 of preferred stock in 1960 is planned to supply a part of these overall capital requirements. **Office**—Chicago, Ill.

Alberta Gas Trunk Line Co. (10/4)
June 1 it was announced that the company is planning to offer in October four security issues totaling $110,000,000. $65 million first mortgage bonds will be sold in the United States and the balance of the financing in Canada.

★ Alexander's Department Stores, Inc.
July 6 it was reported that this Bronx (N. Y.)-based retail chain is contemplating an issue of common stock. No confirmation was available.

Atlantic Coast Line RR. (7/20)
Bids will be received on July 20 by the Road for the purchase from it of $4,815,000 of railroad equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

★ Avionics Investing Corp.
July 6, 1960, it was reported that the company plans the imminent filing of 400,000 shares of its common stock. **Office**—Washington, D. C. **Underwriter**—S. D. Fuller & Co., New York.

★ Bekins Van & Storage Co.
July 6 it was reported that this company is contemplating a common stock issue. **Office** — 1335 So. Figuroa Street, Los Angeles 15, Calif.

★ Broad Street Trust Co.
June 27, 1960, the bank offered stockholders of record June 22 rights to subscribe for an additional 36,036 shares of its $10 par capital stock at $44 on a 1-for-10 basis to July 15, 1960. **Proceeds**—To increase capital and surplus. **Underwriters** — Stroud & Co. and Hallowell, Sulzberger, Jenks, Kirkland & Co., both of Philadelphia, Pa.

Brooklyn Union Gas Co.
May 10 it was announced that the company plans no more financing this year, but there would be some in 1961, although the form it is to take has not as yet been determined.

Columbia Gas System, Inc. (10/6)
June 13, 1960, it was reported that the company plans to sell $30,000,000 of debentures. **Proceeds** — For construction. **Office**—120 E. 41st St., New York City. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.; Shields & Co.; R. W. Pressprich & Co. and Carl M. Loeb, Rhoades & Co., all of New York City. **Bids**—Expected to be received on Oct. 6.

Columbus & Southern Ohio Electric Co.
June 13, 1960, it was reported that this utility plans the sale of about 200,000 shares of common stock to raise approximately $8-$9,000,000, with the timing set for the last quarter of this year, sometime after the November elections. **Proceeds**—For expansion purposes. **Office**—215 N. Front St., Columbus 15, Ohio.

Consolidated Edison Co.
May 15 it was indicated by H. C. Forbes, Chairman, at the annual meeting of stockholders, that common stockholders may get rights to subscribe to convertible debentures or common stock in the Fall. This type of financing would be contingent upon the ability of the company to get its presently outstanding 4% debentures converted into common stock. Con Edison this year will spend about $225,000,000 on new construction compared with $222,000,000 in 1959 and $189,000,000 in 1958. For the five years through 1964, Mr. Forbes estimated that the utility would spend $1.2 billion for plant expansion. To finance the five-year program he said the company will have to issue some $800 million of securities of one kind or another.

Consumers Power Co.
April 29 the company asked the Michigan Public Service Commission for permission to issue and sell securities with base value of $73,101,600. The company proposes to issue and sell first mortgage bonds in the amount of $35,000,000 maturing not earlier than 1990 for the best price obtainable but not less favorable to the company than a 5¼% basis. The mortgage bonds are expected in the last quarter of the year, perhaps in October. **Proceeds**—To be used to finance the continuing expansion and improvement of the company's electric and gas service facilities in a 65-county area outside of Greater Detroit. **Underwriter**—To be determined by competitive bidding. Probable bidders: For bonds—Halsey, Stuart & Co. Inc.; White, Weld & Co., and Shields & Co. (jointly); Morgan Stanley & Co.; The First Boston Corp., and Harriman Ripley & Co., Inc.

Florida Power & Light Co.
June 1 it was announced that the company anticipates further financing in 1960 approximating $25,000,000 and estimates that in 1961 it will require approximately $50,000,000 of new money. This company on May 31 floated a 400,000 common share offering through Merrill Lynch, Pierce, Fenner & Smith Inc. and associates at a price of $59.125 per share.

Florida Power Corp. (10/20)
March 10 it was reported that $25,000,000 of first mortgage bonds will be sold by this utility. **Proceeds**—For new construction and repayment of bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); First Boston Corp.; Eastman Dillon, Union Securities & Co. and Harriman Ripley & Co. (jointly); Lehman Brothers and Blyth & Co. (jointly). **Information Meeting**—Scheduled for Oct. 17 at 11:00 a.m. at Morgan Guaranty Trust Co. **Bids**—Expected to be received on Oct. 20.

Ford Motor Credit Co.
March 28 it was reported that this company is developing plans for borrowing operations, which may include the issuance of debt securities, and possibly occur later this year. **Office**—Detroit, Mich.

Georgia Power Co. (11/3)
Dec. 9 it was announced that the company plans registration of $12,000,000 of 30-year first mortgage bonds with the SEC. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Equitable Securities Corp., and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Registration**—Scheduled for Sept. 26. **Bids**—Expected to be received on Nov. 3. **Information Meeting**—Scheduled for Oct. 31.

★ Hallicrafters Co.
July 7, 1960, it was reported that this company is contemplating the issuance and sale of approximately 300,000 shares of its common stock. **Business**—Electronics manufacturer. **Office**—Chicago, Ill. **Underwriter**—Paine Webber, Jackson & Curtis, New York. **Registration**—Expected sometime in September.

Hawaiian Electric Co., Ltd.
June 22, 1960, it was reported that this company is planning to issue some type of additional securities, perhaps during the third quarter of this year. It may possibly take the form of a $5,000,000 preferred stock offering, and a $4,500,000 issue of common stock to be issued on a rights basis. **Office**—900 Richards St., Honolulu, Hawaii.

Hayes Aircraft Corp.
Feb. 12 it was reported that an issue of convertible debentures is being discussed and may occur in the next few months. **Office**—Birmingham, Ala. **Possible Underwriter**—Sterne, Agee & Leach, Birmingham, Ala.

Houston Lighting & Power Co.
March 22 it was announced in the company's annual report that it anticipates approximately $35 million in new money will be required in 1960 to support the year's construction program, and to repay outstanding bank loans. Studies to determine the nature and timing of the issuance of additional securities are presently under way. Last August's offering of $25,000,000 of 4⅞% first mortgage bonds was headed by Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler. **Office** — Electric Building, Houston, Texas.

Idaho Power Co.
March 30 it was reported that the company plans to issue and sell $15,000,000 of 1st mortgage bonds due 1990 sometime in the fall. **Proceeds**—For capital expenditures, etc. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Lazard Freres & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp.

Indianapolis Power & Light Co. (9/27)
April 18 it was reported that the company will issue and sell $12,000,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Goldman, Sachs & Co., and The First Boston Corp. (jointly); Eastman Dillon, Union Securities & Co.; White, Weld & Co., and Shields & Co. (jointly); Blyth & Co., Inc.; Equitable Securities Corp. **Bids**—Expected to be received up to 11 a.m. New York Time on Sept. 27. **Information Meeting**—Scheduled for Sept. 22 at 11:00 a.m., at the Chase Manhattan Bank, 43 Exchange Place, New York City, Room 238.

International Mining Corp.
It was announced June 1, 1960 in the 1959 Annual Report of International Mining Corp. that the corporation intends to issue $10,830,000 of 7% secured serial notes in connection with its merger with Canton Co. of Baltimore, which will be the name of the surviving corporation. It is expected that the notes will be issued shortly at par, and will mature at the rates of $1,000,000 annually for one to three years, $500,000 annually for four to nine years, and $4,830,000 the 10th year after the merger. **Office**—535 Fifth Avenue, New York City. **Underwriter**—None.

Iowa Electric Light & Power Co.
March 11 President Sutherland Dows stated that bonds would be sold in order to supplement money to be obtained from temporary bank loans, to acquire the $10,000,000 required to finance 1960 construction. **Office**—Cedar Rapids, Iowa.

Iowa-Illinois Gas & Electric Co.
June 23, 1960, it was announced that the company's sale of $15,000,000 of first mortgage bonds in April of this year will carry it through the better part of 1960. The company plans some bank borrowing before the end of the year and expects to be in market again sometime in 1961, probably also for senior debt securities.

K.V.P. Sutherland Paper Co.
May 11 it was reported that a secondary offering of common stock is presently being discussed. **Proceeds**—To selling stockholders. **Underwriter** — Lehman Brothers, New York.

Laclede Gas Co.
May 10 it was announced that in addition to the $15,000,000 of new capital expected to be provided by the July bond-equity financing, $33,000,000 will come from later sale of securities other than common stock and from retained earnings.

Long Island Lighting Co.
June 13, 1960, it was reported that the company is discussing the sale of approximately $20-$30,000,000 of debt financing, probably to occur sometime this Fall. **Proceeds**—For construction. **Office** — 250 Old Country Road, Mineola, New York. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; W. C. Langley & Co.; Smith, Barney & Co. and First Boston Corp., all of New York City.

Louisville Gas & Electric Co. (10/18)
April 27 it was reported that this company plans the issuance and sale of $16,000,000 of first mortgage bonds. **Proceeds**—For construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers and Blyth & Co., Inc. (jointly); Kuhn, Loeb & Co., American Securities Corp. and Wood, Struthers & Co. (jointly); Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Kidder, Peabody & Co. and Goldman, Sachs & Co. (jointly). **Bids**—Expected to be received on Oct. 18.

Michigan Bell Telephone Co. (8/23)
May 23 it was announced that the company plans to come to market in August for the sale of $35,000,000 of debentures. **Proceeds**—For construction, costs of which are currently about $103,000,000 per year. **Office**—Detroit, Mich. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Midland Enterprises Inc.
April 8 it was stated in the company's annual report that it contemplates the issuance on or before March 31, 1961 of a bond issue in an aggregate amount not to exceed

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$4,000,000. **Proceeds** — To finance river transportation equipment presently on order and expected to be ordered. **Office**—Cincinnati, Ohio.

Mohawk Insurance Co.
March 16, 1960, it was announced that the company expects to register its first public offering sometime soon. The offering will consist of 75,000 common shares. **Price**—To be supplied by amendment. **Proceeds**—For expansion. **Office** — 198 Broadway, New York City. **Underwriter** — R. F. Dowd & Co., Inc., 38 Broadway, New York City.

Nedick's Stores, Inc.
Nov. 12 it was reported that the company is contemplating the placing in registration of 17,000 shares of common stock. About 66% of the issue will be sold for the company's account and the remaining 34% balance will be sold for the account of a selling stockholder. **Underwriter**—Van Alstyne, Noel & Co., New York.

New York Telephone Co. (9/28)
June 22, 1960, the board of directors of this company authorized the issuance of an additional series of mortgage bonds in the amount of $60,000,000 and common stock in the amount of $120,000,000, subject to the approval of the New York Public Service Commission. **Proceeds**—To retire short-term bank borrowings used to finance construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.. **Bids**—Expected to be received on or about Wednesday, Sept. 28; and the stock will be sold to the American Telephone & Telegraph Co. on or about Oct. 1.

Northern States Power Co. (Minn.) (12/6)
May 11 it was reported that the company plans the issuance and sale of $35,000,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., Kidder, Peabody & Co. and White, Weld & Co. (jointly); The First Boston Corp. and Blyth & Co., Inc. (jointly); Lehman Brothers and Riter & Co. (jointly); Equitable Securities Corp. and Eastman Dillion, Union Securities & Co. (jointly). **Bids**—Expected to be received by Dec. 6.

Orange & Rockland Utilities, Inc.
April 18 it was stated that the company presently expects that such part of its construction program through 1962 and the refunding of $6,442,000 series B bonds maturing in 1961 as is not financed by the sale of the company's 39,165 shares of its convertible cumulative preferred stock, series E, 5% (par $100) will be financed from the proceeds of sale in 1961, subject to market conditions, of $10,000,000 of its first mortgage bonds, from depreciation and retained earnings and, to the extent of any remaining balance, from the proceeds of additional short-term borrowings.

Pacific Lighting Corp.
May 11 it was announced that this company, in order to finance additional pipeline distribution systems, plans to sell $30,000,000 of first mortgage bonds and $20,000,000 of preferred stock later this year.

Pacific Power & Light Co.
Jan. 29 it was announced that the company plans to issue at least $20,000,000 of securities, the date and form of which will be announced at a later date. **Proceeds**—To retire $20,000,000 of unsecured promissory notes, to mature on or prior to July 31, 1961. The notes will be issued to finance part of the issuer's 1960-61 construction expenditures, which are expected to total about $61,000,000. **Office**—Portland, Ore.

Panhandle Eastern Pipe Line Co.
April 19 it was reported that this company might sell about $65,000,000 of debentures, possibly in the third quarter of this year. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co., both of New York.

Philadelphia Aquarium Co.
June 15, 1960, it was reported that the company plans to sell about $2,000,000 of debentures and common stock to finance an aquarium in Fairmont Park, Philadelphia, which would be city-owned and company-operated under a lease. **Underwriter**—Stroud & Co., Inc. of Philadelphia, Pa. and New York.

Pik-Quik Inc.
June 29, 1960, it was reported that the company is contemplating the filing of 550,000 shares of common stock sometime in July. **Proceeds**—For acquisitions in Florida. **Office**—Minneapolis, Minn. **Underwriter**—A. C. Allyn & Co., New York.

Potomac Electric Power Co.
March 21 it was stated in the company's annual report it is anticipated that their 1960 construction program will amount to $39 million and there will be further financing of about $15 million of an as yet undetermined type. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; First Boston Corp.; Dillon, Read & Co. and Johnston, Lemon & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Eastman Dillon & Union Securities & Co. and Stone & Webster Securities Corp. (jointly).

Public Service Co. of New Hampshire
April 4 it was stated in the company's annual report that short-term borrowings will increase progressively during 1960 until further permanent financing is undertaken later in the year. The timing, type, and amount of this financing has not been determined.

Public Service Electric & Gas Co. (9/20)
May 18 directors of this company took preliminary steps for the sale of $50,000,000 in first and refunding mortgage bonds with a maturity of not more than 30 years. **Proceeds** — To pay all or part of company's short-term indebtedness incurred for construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co., and Lehman Brothers (jointly). **Bids**—Expected to be received on Sept. 20 up to 11 a.m., in Newark, N. J. **Information Meeting**—Scheduled for Sept. 15 at 11:00 a.m. at the Chase Manhattan Bank, 43 Exchange Place, New York City, Room 238.

★ Ritter Co., Inc.
July 6 it was reported that this company plans to consolidate some $2,500,000 of funded debt, possibly through a private placement, pursuant to which a bond issue may be expected. **Underwriter**—Lehman Brothers, New York City.

Rochester Gas & Electric Corp.
March 1 it was stated in the company's annual report that the company has filed an application with the New York State Public Service Commission for the right to issue $10,000,000 of new preferred stock. **Underwriter** —To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., White Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co.; Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly); Blyth & Co., Inc.; The First Boston Corp.

● Rochester Telephone Co. (9/1)
June 24, 1960, this public utility petitioned the New York State Public Service Commission for permission to issue and sell $12,000,000 of series "E" first mortgage bonds, which will mature in 33 years, on Sept. 1, 1993. **Proceeds**—The proceeds of this sale would be used to repay bank loans for construction and extension of facilities in service by the date of the proposed sale. **Underwriter**—To be determined by competitive bidding. Probable bidders: First Boston Corp., and Halsey, Stuart & Co. Inc. **Bids**—Expected to be received on Sept. 1, 1960.

● San Diego Gas & Electric Co.
April 8 it was reported that $25,000,000 of bonds is expected to be sold sometime in the third quarter of this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; First Boston Corp., Eastman Dillon, Union Securities & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Salomon Bros. & Hutzler (jointly). **Bids**—Expected to be received on Oct. 4.

● Scantlin Electronics, Inc.
June 13, 1960, it was reported that the filing of about $2,000,000 of common stock is being discussed, and may occur sometime soon. The company is currently market-testing a new electronic table-top stock quotation board. **Office**—Los Angeles, Calif. **Underwriter**—Carl M. Loeb, Rhoades & Co. and Paine, Webber, Jackson & Curtis (jointly).

(Jos.) Schlitz & Co.
March 11 it was reported that a secondary offering might be made this summer. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Harriman Ripley & Co. Inc., both of New York City.

Seaboard Air Line RR. (7/27)
Bids will be received on July 27 by the company for the purchase from it of $3,030,000 of railroad equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Southern California Edison Co. (8/23)
June 16, 1960, it was announced that the company directors had approved a plan to issue $60,000,000 of first and refunding mortgage bonds. **Proceeds**—To retire outstanding short-term borrowings and to finance the company's construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; First Boston Corp. and Dean Witter & Co. (jointly). **Bids**—Expected to be received on Aug. 23.

Southern Natural Gas Co.
April 4 it was stated in the company's annual report that the company expects to provide for the payment of certain outstanding notes through the issuance of first mortgage bonds and other debt securities. The timing of the issue or issues was not stated in the report. **Office** —Birmingham, Ala.

Southern Nevada Power Co.
June 15, 1960, it was reported that in order to meet $8,300,000 of property expenditures scheduled for 1960, the company has arranged a $6,000,000 revolving bank credit. It will borrow about $5,100,000 under this agreement by October, at which time it expects to sell about $5,500,000 of bonds and $3,000,000 of an undetermined type of stock, with preferred being considered, possibly with rights to purchase common shares at specified prices. **Underwriter** —To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. Eastman Dillon, Union Securities & Co. and Kidder, Peabody & Co. (jointly); White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.

Southern Pacific Co. (7/21)
Bids will be received on July 21 by the company for the purchase from it of $6,000,000 of railroad equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Southwestern Bell Telephone Co. (8/2)
March 28 directors of this company recommended a $100,000,000 debenture issue, subject to approval by regulatory authorities. **Proceeds**—To finance an expansion and improvement program over the next five years. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on or about Aug. 2 up to 11:00 a.m. EDT.

Tennessee Valley Authority
Jan. 20 announced that, pursuant to August, 1959, authorization from Congress to have $750,000,000 of revenue bonds outstanding at any one time, it plans its first public offering, expected to be about $50,000,000, for sometime in the Fall. May 13 it was announced that about $50,000,000 of additional revenue bonds will be offered in the Spring of 1961. The type of bond issued will depend on market conditions. **Proceeds**—To finance construction of new generating capacity. Power Financing Officer: G. O. Wessenauer. Financial Advisor: Lehman Brothers. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., First National City Bank of New York, Equitable Securities Corp. and Smith, Barney & Co. (jointly); First Boston Corp., Lazard Freres & Co., Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Chase Manhattan Bank and Morgan Guaranty Trust Co. of N. Y. (jointly); and Blyth & Co. and J. C. Bradford & Co. (jointly).

Trans World Airlines, Inc.
April 8 it was announced that the company plans to offer to its stockholders $100,000,000 of subordinated income debentures with detachable common stock purchase warrants, and Hughes Tool Co. (parent) will purchase not only its pro-rata portion ($78,000,000) but also enough of any debentures not taken up by others to provide TWA with at least $100,000,000. **Proceeds** — Together with $190,000,000 proposed private placement which is presently being worked on by this company's bankers, will be used for expansion of the company's jet fleet. **Underwriters**—Dillon, Read & Co., Inc., Lazard Freres & Co., and Lehman Brothers, all of New York.

Union Electric Co. (10/19)
March 16, 1960, it was announced by Dudley Sanford, Executive Vice-President, that the company plans an offering of approximately $50,000,000 of 30-year first mortgage bonds. **Proceeds**—To meet construction expenses. **Office**—315 No. 12th Blvd., St. Louis, Mo. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp. and White, Weld & Co. (jointly); Lehman Brothers, Blyth & Co. (handling the books), Eastman Dillon, Union Securities & Co. and Bear, Stearns & Co. (jointly). **Bids**—Expected to be received on Oct. 19 up to 11 a.m. EDT. **Information Meeting**—Oct. 17 at 3:00 p.m. at the Bankers Trust Co.

● Utah Power & Light Co. (9/14)
June 1 it was reported $16 million of first mtge. bonds and $10 million (400,000 shares) of $25 preferred stock is expected to be sold sometime in the third quarter of this year. **Proceeds**—For construction purposes and repayment of bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. and First Boston Corp. (jointly); White, Weld & Co.; Stone & Webster Securities Corp. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Lehman Bros.; Bear, Stearns & Co. **Bids**—Expected to be received on Sept. 14. **Information Meeting**—Scheduled for Sept. 12 at 2 Rector St., New York City.

Virginia Electric & Power Co. (9/13)
Feb. 5 it was reported that approximately $25,000,000 first mortgage bonds will be offered for sale. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp. **Bids**—Expected to be received on Sept. 13. **Information Meeting**—Scheduled for Sept. 8 at 11:00 a.m. N. Y. time, at The Chase Manhattan Bank, 43 Exchange Place, New York City, Room 238.

Waldbaum, Inc.
May 11 it was reported that public financing is being contemplated by this supermarket chain. No confirmation was obtainable. **Office**—2300 Linden Blvd., Brooklyn, New York.

★ West Ohio Gas Co.
June 24, 1960, it was announced that the company anticipates, that in order to carry out its 1960 construction program it will consummate long-term financing during the year to provide additional funds in the approximate sum of $400,000.

Winter Park Telephone Co.
May 10 it was announced that this company, during the first quarter of 1961, will issue and sell approximately 30,000 additional shares of its common stock. This stock will be offered on a rights basis to existing stockholders and may or may not be underwritten by one or more securities brokers. Future plans also include the sale of $2,000,000 of bonds in the second quarter of 1961. **Office**—132 East New England Ave., Winter Park, Fla.

Yardney Electric Corp.
May 9 it was reported that sometime in July this company expects to file an as yet undetermined amount of common stock. **Office**—40 Leonard St., New York City. **Underwriter**—To be named.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	July 9	§42.7	*53.0	61.6	79.5
Equivalent to—					
Steel ingots and castings (net tons)	July 9	§1,218,000	*1,510,000	1,756,000	2,252,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	June 24	6,819,860	6,839,560	6,814,560	7,025,075
Crude runs to stills—daily average (bbls.)	June 24	¶8,231,000	8,034,000	7,899,000	7,836,000
Gasoline output (bbls.)	June 24	29,055,000	29,482,000	28,654,000	28,682,000
Kerosene output (bbls.)	June 24	2,223,000	2,659,000	2,324,000	1,761,000
Distillate fuel oil output (bbls.)	June 24	12,688,000	12,531,000	12,305,000	12,487,000
Residual fuel oil output (bbls.)	June 24	6,106,000	6,077,000	6,304,000	6,786,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	June 24	203,242,000	204,372,000	211,653,000	198,271,000
Kerosene (bbls.) at	June 24	27,583,000	26,883,000	24,421,000	27,213,000
Distillate fuel oil (bbls.) at	June 24	106,691,000	103,045,000	91,453,000	115,991,000
Residual fuel oil (bbls.) at	June 24	40,592,000	39,879,000	39,997,000	53,840,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 25	641,628	649,830	640,388	697,797
Revenue freight received from connections (no. of cars)	June 25	535,778	532,606	539,262	586,672
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	June 30	$686,400,000	$485,100,000	$648,000,000	$474,100,000
Private construction	June 30	298,300,000	223,800,000	461,600,000	239,500,000
Public construction	June 30	388,100,000	261,300,000	166,400,000	234,600,000
State and municipal	June 30	235,900,000	161,300,000	130,300,000	177,200,000
Federal	June 30	152,200,000	100,000,000	35,100,000	57,400,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 25	9,025,000	8,895,000	8,440,000	8,758,000
Pennsylvania anthracite (tons)	June 25	442,000	375,000	313,000	496,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	June 25	125	*147	139	118
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	July 2	14,247,000	14,213,000	13,134,000	13,124,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	June 30	278	296	274	244
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 28	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	June 28	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	June 28	$31.00	$31.00	$32.50	$38.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	June 29	32.600c	32.600c	32.600c	31.000c
Export refinery at	June 29	30.775c	31.225c	29.375c	26.625c
Lead (New York) at	June 29	12.000c	12.000c	12.000c	12.000c
Lead (St. Louis) at	June 29	11.800c	11.800c	11.800c	11.800c
‡Zinc (delivered) at	June 29	13.500c	13.500c	13.500c	11.500c
Zinc (East St. Louis) at	June 29	13.000c	13.000c	13.000c	11.000c
Aluminum (primary pig. 99.5%) at	June 29	26.000c	26.000c	26.000c	24.700c
Straits tin (New York) at	June 29	101.875c	101.875c	100.125c	103.250c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	July 5	86.75	86.36	86.84	83.00
Average corporate	July 5	85.20	85.07	84.68	85.98
Aaa	July 5	89.64	89.51	89.23	88.95
Aa	July 5	87.59	87.59	87.05	87.59
A	July 5	84.94	84.81	84.17	85.85
Baa	July 5	79.01	78.90	79.01	81.66
Railroad Group	July 5	83.15	83.03	82.52	84.94
Public Utilities Group	July 5	85.46	85.46	85.07	85.07
Industrials Group	July 5	86.91	86.91	86.65	87.86
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	July 5	3.87	3.92	3.85	4.19
Average corporate	July 5	4.77	4.78	4.81	4.71
Aaa	July 5	4.44	4.44	4.47	4.49
Aa	July 5	4.59	4.59	4.63	4.59
A	July 5	4.79	4.80	4.85	4.72
Baa	July 5	5.27	5.28	5.27	5.05
Railroad Group	July 5	4.93	4.94	4.98	4.79
Public Utilities Group	July 5	4.75	4.75	4.78	4.78
Industrials Group	July 5	4.64	4.64	4.66	4.57
MOODY'S COMMODITY INDEX	July 5	375.8	378.2	375.6	388.4
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 25	314,504	278,086	313,558	306,242
Production (tons)	June 25	323,223	317,358	310,595	323,657
Percentage of activity	June 25	94	93	93	98
Unfilled orders (tons) at end of period	June 25	435,798	443,523	448,196	478,629
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	July 1	110.21	110.17	110.31	110.58
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	June 10	2,875,840	2,440,670	2,417,180	2,358,080
Short sales	June 10	570,430	512,130	449,890	437,780
Other sales	June 10	2,420,740	1,875,310	1,965,900	1,996,090
Total sales	June 10	2,991,170	2,387,440	2,415,790	2,433,870
Other transactions initiated off the floor—					
Total purchases	June 10	466,660	423,850	394,790	394,570
Short sales	June 10	63,500	73,600	43,500	50,300
Other sales	June 10	393,580	334,110	333,020	393,500
Total sales	June 10	457,080	407,710	376,520	443,800
Other transactions initiated on the floor—					
Total purchases	June 10	861,976	787,240	723,021	731,272
Short sales	June 10	141,970	84,700	139,940	86,480
Other sales	June 10	873,855	543,674	718,619	984,781
Total sales	June 10	1,015,825	628,374	858,559	1,071,261
Total round-lot transactions for account of members—					
Total purchases	June 10	4,204,476	3,651,760	3,534,991	3,483,922
Short sales	June 10	775,900	670,430	633,330	574,560
Other sales	June 10	3,688,175	2,753,094	3,017,539	3,374,371
Total sales	June 10	4,464,075	3,423,524	3,650,869	3,948,931
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	June 10	1,908,875	1,752,716	1,726,857	1,913,313
Dollar value	June 10	$98,330,496	$87,892,034	$83,414,474	$103,970,503
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	June 10	1,805,585	1,652,876	1,559,486	1,491,388
Customers' short sales	June 10	6,588	8,038	17,181	13,985
Customers' other sales	June 10	1,798,997	1,644,838	1,542,305	1,477,403
Dollar value	June 10	$88,290,519	$79,959,726	$73,966,740	$77,846,094
Round-lot sales by dealers—					
Number of shares—Total sales	June 10	510,230	459,670	419,810	378,240
Short sales	June 10	------	------	------	------
Other sales	June 10	510,230	459,670	419,810	378,240
Round-lot purchases by dealers— Number of shares	June 10	619,350	534,960	593,980	793,420
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	June 10	877,660	748,930	792,470	714,200
Other sales	June 10	17,262,740	14,513,250	15,051,040	15,565,060
Total sales	June 10	18,140,400	15,262,180	15,843,510	16,279,260
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	June 28	119.4	119.5	119.7	119.3
Farm products	June 28	88.0	*88.4	89.7	89.4
Processed foods	June 28	107.5	107.7	107.3	107.3
Meats	June 28	96.4	96.8	97.5	101.0
All commodities other than farm and foods	June 28	128.3	128.3	128.4	127.9

*Revised figure. ¶Includes 1,020,000 barrels of foreign crude runs. §Based on new annual capacity of 148,570,970 tons as of Jan. 1, 1960 as against Jan. 1, 1959 basis of 147,633,670 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
AMERICAN GAS ASSOCIATION—			
For month of April:			
Total gas sales (M therms)	8,486,000	10,398,000	7,736,900
Natural gas sales (M therms)	8,242,200	10,068,300	7,503,500
Manufact'd & mixed gas sales (M therms)	243,800	329,700	233,400
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of June (in millions):			
Total new construction	4,878	4,539	5,160
Private construction	3,392	3,176	3,523
Residential buildings (nonfarm)	1,910	1,755	2,096
New dwelling units	1,358	1,252	1,583
Additions and alterations	474	429	448
Nonhousekeeping	78	74	65
Nonresidential buildings	815	770	762
Industrial	208	206	161
Commercial	349	324	364
Office buildings and warehouses	174	168	165
Stores, restaurants, and garages	175	156	199
Other nonresidential buildings	258	240	237
Religious	82	77	79
Educational	48	46	42
Hospital and institutional	45	46	48
Social and recreational	60	53	50
Miscellaneous	23	18	18
Farm construction	155	143	173
Public utilities	487	485	475
Telephone and telegraph	101	107	83
Other public utilities	386	378	392
All other private	25	23	17
Public construction	1,486	1,363	1,637
Residential buildings	64	64	88
Nonresidential buildings	409	393	408
Industrial	33	34	32
Educational	244	232	242
Hospital and institutional	35	35	39
Administrative and service	54	51	52
Other nonresidential buildings	43	41	43
Military facilities	93	90	159
Highways	616	516	654
Sewer and water systems	127	128	127
Sewer	77	77	78
Water	50	51	49
Public service enterprises	53	51	54
Conservation and development	107	104	126
All other public	17	17	21
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of May (Millions of dollars):			
Manufacturing	$55,000	*$54,800	$51,500
Wholesale	12,900	12,900	12,200
Retail	25,800	25,800	25,000
Total	$93,700	*$93,500	$88,700
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of June (000's omitted):			
Total U. S. construction	$2,885,000	$1,803,000	$1,876,500
Private construction	1,607,000	903,000	909,100
Public construction	1,278,000	900,000	967,400
State and municipal	896,000	705,000	702,500
Federal	382,000	195,000	264,900
COTTON AND LINTERS — DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed month of May	710,302	707,615	703,358
In consuming establishments as of May 30	1,825,980	1,961,744	1,486,713
In public storage as of May 30	7,697,638	8,653,685	8,757,216
Linters—Consumed month of May	105,736	102,784	101,603
Stocks May 30	577,539	625,165	729,454
Cotton spindles active as of May 30	17,589,000	17,599,000	17,591,000
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of May:			
Cotton seed—			
Received at mills (tons)	13,700	16,300	6,700
Crushed (tons)	252,400	373,700	179,200
Stocks (tons) May 31	357,300	596,000	233,100
Cake and Meal—			
Stocks (tons) May 31	204,500	188,900	170,500
Produced (tons)	116,900	105,800	85,900
Stocks (tons)	101,300	127,700	81,800
Hulls—			
Stocks (tons) May 31	43,900	48,200	83,400
Produced (bales)	57,300	86,100	44,100
Shipped (tons)	61,600	79,900	65,600
Linters—			
Stocks (bales) May 31	132,000	156,500	211,900
Produced (bales)	73,100	113,000	52,100
Shipped (bales)	97,600	139,200	90,000
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate consumers—Month of April (000's omitted)	54,176,283	55,964,582	50,434,196
Revenue from ultimate customers—Month of April	$908,847,000	$929,481,000	$842,723,000
Number of ultimate customers at May 31	57,721,386	57,645,721	56,508,334
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION) Month of May:			
Contracts closed (tonnage)—estimated	269,941	344,944	241,612
Shipments (tonnage)—estimated	284,579	286,884	294,127
MANUFACTURERS' INVENTORIES AND SALES Month of May (millions of dollars):			
Inventories—			
Durables	$32,300	$32,100	$29,900
Nondurables	22,700	22,600	21,600
Total	$55,000	$54,800	$51,500
Sales	30,900	30,800	30,700
METAL OUTPUT (BUREAU OF MINES)— Month of April:			
Mine production of recoverable metals in the United States:			
Gold (in fine ounces)	121,017	*120,928	141,777
Silver (in fine ounces)	2,989,208	*2,950,180	2,963,775
Copper (in short tons)	97,202	*96,256	100,685
Lead (in short tons)	23,753	*25,460	21,192
Zinc (in short tons)	42,235	*42,866	37,670
NEW YORK STOCK EXCHANGE— As of April 30 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$3,151,000	*$3,150,000	$3,549,000
Credit extended to customers	130,000	113,000	164,000
Cash on hand and in banks in U. S.	362,000	354,000	364,000
Total of customers' free credit balances	970,000	940,000	1,188,000
Market value of listed shares	109,394,776	283,381,312	299,044,482
Market value of listed bonds	291,687,907	109,006,810	106,395,614
Member borrowings on U. S. Govt. issues	621,000	*600,000	543,000
Member borrowings on other collateral	2,275,000	*2,324,000	2,329,000
NONFARM REAL ESTATE FORECLOSURES—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION—Month of March	4,145	3,470	3,933

NEWS ABOUT BANKS AND BANKERS

Continued from page 11

bank's Stuyvesant office, a post left vacant by the recent death of Putnam Browne. Mr. Davis, who has been with the bank 26 years, is Assistant Treasurer.

* * *

IRVING TRUST COMPANY, NEW YORK

	June 30,'60 $	March 31,'60 $
Total resources	1,887,436,146	1,765,032,642
Deposits	1,646,999,215	1,501,207,274
Cash and due from banks	566,299,927	449,884,888
U. S. Govt. security hold'gs	262,808,982	226,944,797
Loans & discts.	904,445,127	928,563,243
Undivided prof.	30,428,098	28,810,787

* * *

THE HANOVER BANK, NEW YORK

	June 30,'60 $	March 31,'60 $
Total resources	1,861,516,272	1,713,616,098
Deposits	1,590,716,923	1,453,659,995
Cash and due from banks	477,090,799	438,962,002
U. S. Govt. security hold'gs	287,606,373	260,542,835
Loans & discts.	973,717,742	888,796,912
Undivided prof.	36,886,473	33,496,045

* * *

BROWN BROTHERS HARRIMAN AND COMPANY, NEW YORK

	June 30,'60	Dec. 31,'59
Total resources	$253,610,848	$267,583,638
Deposits	211,616,224	228,613,116
Cash & due from banks	68,687,453	76,050,811
U. S. Govt. security holdings	41,455,120	47,022,083
Loans and discts.	78,140,422	76,535,132
Capital and surp.	18,845,284	18,805,284

* * *

J. HENRY SCHRODER BANKING CORPORATION, NEW YORK

	June 30,'60	Dec. 31,'59
Total resources	$126,933,599	$119,187,345
Deposits	79,915,506	78,442,497
Cash & due from banks	19,640,379	18,017,198
U. S. Govt. security holdings	42,191,688	45,749,989
Loans and discts.	25,056,996	23,406,770
Surplus and undivided profits	8,802,102	6,759,755

* * *

SCHRODER TRUST COMPANY, NEW YORK

	June 30,'60	Dec. 31,'59
Total resources	$75,460,247	$70,341,515
Deposits	66,285,735	61,764,422
Cash and due from banks	16,389,308	13,240,619
U. S. Govt. security holdings	29,029,210	26,293,343
Loans and discts.	27,224,815	27,051,658
Surplus and undivided profits	3,388,730	3,205,593

* * *

THE MARINE MIDLAND TRUST COMPANY, NEW YORK

	Jun. 30,'60 $	Mar. 31,'60 $
Total resources	661,518,003	625,384,829
Deposits	580,612,451	548,998,570
Cash and due from banks	222,033,014	190,024,558
U. S. Govt. security holdings	94,728,542	93,502,476
Loans & discounts	313,924,974	306,943,273
Undivided profits	15,916,524	15,155,358

* * *

THE BANK OF NEW YORK

	Jun. 30,'60 $	Mar. 15,'60 $
Total resources	605,952,850	594,110,837
Deposits	527,911,932	517,176,651
Cash and due from banks	210,944,681	182,687,630
U. S. Govt. security holdings	72,122,261	73,670,947
Loans & discounts	282,420,752	293,650,499
Undivided profits	8,804,585	7,941,930

* * *

THE GRACE NATIONAL BANK OF NEW YORK

	Jun. 30,'60 $	Mar. 15,'60 $
Total resources	211,414,485	194,420,240
Deposits	182,806,965	159,812,247
Cash and due from banks	54,110,882	46,601,270
U. S. Govt. security holdings	40,399,623	34,421,906
Loans & discounts	93,979,762	84,168,881
Undivided profits	4,963,471	4,427,322

* * *

John T. Madden, Chairman of the Board of the **Emigrant Industrial Savings Bank, New York, N. Y.**, announced that Arthur J. Voute has been elected a Vice-President of the Bank. Mr. Voute has been with Emigrant since 1931 and will continue as associate assistant to Edwin D. Roll, Vice-President in charge of the Bank's security investments.

He was appointed Assistant Secretary in 1947 and Assistant Vice-President in 1957.

* * *

The Board of Directors of **The Meadow Brook National Bank of Nassau County, West Hempstead, N. Y.**, has approved the promotion of five junior officers and appointed three members of the staff to officerships. Walter E. Van der Waag, President of Meadow Brook, said that all promotions are effective July 5.

Promoted to Assistant Vice-President are: Jirah D. Cole, Jr., Theodore W. Egly, Jr., Grace E. Rhame, Herbert Rosenthal, and Charles W. Dearborn.

Joining the official family of the Bank as junior officers are: Warren G. Elmslie, Robert Hamilton, Jr., and Francis J. Keating.

* * *

KINGS COUNTY TRUST COMPANY, BROOKLYN, N. Y.

	June 30,'60	Dec. 31,59
Total resources	$78,892,572	$75,058,619
Deposits	67,698,122	64,183,239
Cash and due from banks	9,077,074	7,913,111
U. S. Govt. security holdings	15,352,713	14,914,843
Loans and discts.	26,705,686	24,712,212
Undivided profits	1,261,149	1,000,000

* * *

THE FRANKLIN NATIONAL BANK OF LONG ISLAND, FRANKLIN SQUARE, N. Y.

	June 30,'60	June 30,'59
Total resources	$667,831,218	$592,926,059
Deposits	596,844,780	535,846,461
Cash & due from banks	58,305,167	51,561,801
U. S. Govt. security holdings	98,957,009	89,042,879
Loans and discts.	432,745,196	383,120,064
Undivided profits	4,396,969	3,858,849

* * *

NATIONAL BANK OF WESTCHESTER, WHITE PLAINS, NEW YORK

	Jun. 30,'60 $	Dec. 31,'59 $
Total resources	171,860,638	171,392,872
Deposits	155,477,115	157,988,491
Cash and due from banks	17,978,859	22,065,539
U. S. Govt. security holdings	47,288,071	43,063,127
Loans & discounts	84,497,904	54,152,523
Undivided profits	1,760,663	1,808,238

* * *

The Tinker National Bank of East Setauket, East Setauket, New York increased its common capital stock from $250,000 to $312,500 by a stock dividend and from $312,-500 to $400,000 by the saie of new stock effective June 24, (Number of shares outstanding — 40,000 shares, par value $10.)

* * *

THE CONNECTICUT BANK AND TRUST COMPANY, HARTFORD, CONN.

	Jun. 15,'60 $	Mar. 15,'60 $
Total resources	411,211,406	414,133,271
Deposits	349,579,141	350,398,575
Cash and due from banks	77,290,665	78,904,283
U. S. Govt. security holdings	80,179,906	78,785,267
Loans & discounts	139,001,940	183,605,034
Undivided profits	7,362,079	7,142,453

* * *

THE FIRST NATIONAL BANK OF PASSAIC COUNTY, PASSAIC, N. J.

	June 30,'60	Dec. 31,'59
Total resources	$236,421,521	$247,629,044
Deposits	214,083,637	226,363,846
Cash & due from banks	31,029,102	37,692,785
U. S. Govt. security holdings	45,123,570	56,046,548
Loans and discts.	104,786,623	119,590,167
Undivided profits	4,600,913	3,922,817

* * *

The common capital stock of the **American Security and Trust Company, Washington, D. C.** was increased from $5,000,000 to $6,-000,000 by the sale of new stock effective June 17, (Number of shares outstanding — 600,000 shares, par value $10.)

* * *

Total capital accounts of **The Bank of Virginia, Richmond, Virginia** on June 30 were just above $10,-000,000 according to Herbert C. Moseley, President, reflecting the recent offering of 40,000 additional shares of stock.

From the sale of the additional shares at $22 per share, $400,000 was added to the par capital account and $480,000 to surplus. On June 24, an additional $520,000 was transferred from undivided profits account to surplus account, to bring the latter to a total of $5,-000,000.

To be reflected in the June 30th statement of condition are capital stock account of $4,000,000; surplus at $5,000,000 and undivided profits at just above $1,000,000, or a total of just above $10,000,000.

Mr. Moseley also announced that James W. Buffington, Vice-President, has been given the added title of Vice-President and Trust Officer. W. Guy Williams, Jr., has been elected Assistant Cashier.

* * *

SOCIETY NATIONAL BANK OF CLEVELAND, OHIO

	June 30,'60	March 31,'60
Total resources	$421,355,502	$418,473,648
Deposits	384,684,013	380,721,962
Cash & due from banks	44,134,445	39,930,196
U. S. Govt. security holdings	98,187,369	94,404,207
Loans and discts.	221,571,682	227,367,478
Undivided profits	1,618,024	1,295,166

* * *

Robert P. Mayo, will join **Continental Illinois National Bank and Trust Company, Chicago, Illinois** August 1 as Vice-President in the trust investment division.

* * *

BANK OF THE COMMONWEALTH, DETROIT, MICH.

	Jun. 15,'60 $	Dec. 31,'59 $
Total resources	349,417,837	354,022,619
Deposits	319,136,903	324,939,659
Cash and due from banks	52,739,158	50,820,962
U. S. Govt. security holdings	129,186,178	146,098,602
Loans & discounts	142,299,211	132,522,878
Undivided profits	7,259,863	6,131,326

* * *

By a stock dividend the **Stock Yards National Bank of South St. Paul, South St. Paul, Minnesota** increased its common capital from $600,000 to $750,000 effective June 21. (Number of shares outstanding —7,500 shares, par value $100.)

* * *

By the sale of new stock, **The Troy National Bank of Sioux City, Sioux City, Iowa**, has increased its common capital stock from $600,000 to $800,000 effective June 23. (Number of shares outstanding —8,000 shares, par value $100.)

* * *

By a stock dividend the **Pikeville National Bank & Trust Company, Pikeville, Kentucky**, increased its common capital stock from $200,-000 to $400,000 effective June 20. (Number of shares outstanding— 4,000, par value $100.)

* * *

The common capital stock of the **First National Bank of Holbrook, Holbrook, Arizona,** was increased from $125,000 to $250,000 by a stock dividend, effective June 21. (Number of shares outstanding— 25,000 shares, par value $10.)

* * *

ZIONS FIRST NATIONAL BANK, SALT LAKE CITY, UTAH

	Jun. 15,'60 $	Mar. 15,'60 $
Total resources	146,222,057	138,915,074
Deposits	130,368,696	123,217,188
Cash & due from banks	29,103,783	25,035,295
U. S. Govt. security holdings	30,190,800	29,597,824
Loans & discounts	79,227,183	75,549,904
Undivided profits and reserves	4,271,891	3,845,807

* * *

A banking career of nearly a half-century has been completed with the retirement of Edmund F. Munly as Assistant Manager of the Portland, Oregon office of **The Bank of California, San Francisco, California.**

Mr. Munly joined The Bank of California on March 14, 1914. He served in all departments and was Auditor of the office prior to his appointment as Assistant Manager, August 16, 1938.

The Bank of California, N. A., San Francisco, celebrated its 96th birthday July 5 with the opening of the 19th office in the Bank's tri-state system.

It will be under the management of Richard D. Hulse.

Mr. Hulse is Assistant Manager of the Bank's San Jose office. Before coming to the West Coast in 1957 he was Assistant Vice-President with Valley National Bank in Des Moines, Iowa.

James K. Hill is Assistant Cashier of the new office.

* * *

On June 22, the **Portland Trust Bank, Portland, Oregon,** began operations as **The Oregon Bank, Portland, Oregon.**

Corrective Internal Policies For Canada's Capital Inflow

Continued from page 14

what I think the rate should be, they ask how I think it will move; in other words we must recognize that psychology and expectations play a big role in the exchange market just as in the stock market or a commodity market or any other market. For another thing official policies, which have tended to be passive, have made it not only possible, but almost inevitable, for self-reinforcing swings of the rate to start from quite inconsequential and temporary influences.

Believes Reserves Are Too Low

There is still a third policy matter, however, that draws attention. One of the things that a banker keeps a careful eye on when reviewing the affairs of a customer is whether the business has adequate liquid reserves for unforeseen contingencies, as measured by the quick asset ratio and similar devices. One cannot help feeling some concern when this test is applied to Canada's exchange reserves. They have remained almost unchanged over the last eight years, while our foreign indebtedness has tripled, the value of our merchandise trade has doubled, and our Gross National Product has risen by almost two-thirds. A somewhat higher level of exchange reserves would seem to be a very good measure of insurance against future contingencies. The net cost would have been moderate. The time may come when we may heartily wish we had built up larger reserves in order to give us greater independence in our internal policies.

Having come this far, I must now move into the more difficult and more dangerous combat area of offering some specific proposals.

Offers Specific Proposals

You know, we bankers usually find that we have to restrain the enthusiasm of our customers for using other people's money; perhaps that is one of the reasons why we have the reputation of saying "No" as a matter of habit. But I must confess that on occasion we must warn our customer against attempting **too little.** It happens rarely, but it does happen sometimes, that the banker has to urge his customer either to enlarge his thinking and be prepared to borrow more than he has asked for, or else not to undertake that particular project at all. There are times when boldness is necessary, when faint-heartedness or unimaginativeness will cause the whole enterprise to founder, when underexpansion can be as fatal as overexpansion.

In my opinion, Canada is now faced with just such a situation. Put very simply, we want to do as much as we are now doing and even more, but we want to do it under our own steam. This faces us with a complex of problems that go to the root of our present prosperity and our future well being. Naturally I cannot pretend to solve these difficult and interrelated questions in a short or a long paper. It seems to me that they are of such importance that we ought to concentrate the best brains we can muster in an economic study of the entire situation. Perhaps the best contribution that I can make is to suggest some of the major points such a study should examine.

(1) It should look into all means of rising our productive capacity more fully. Today we have worrisome unemployment, and in many lines we have idle productive plant going well beyond the necessary minimum of reserve capacity. If we can put these idle resources to work we will of course add equivalently to our national income, which will be most desirable in itself. In addition, however, we will get a sort of dividend or by-product that will help to finance further capital expansion, because this increase in income will in turn mean an addition to Canadian saving.

(2) The study should look into both the content and the financing of our capital investment program. As for the content, our aim should be to emphasize productive capital items that will add to our future output. As for the financing, I believe we need to pay for more of our social capital as we go, rather than to defer payment by borrowing. Surely this is preferable to slowing down our rate of growth.

(3) An examination should also be made of every means of stimulating our own production, so that we can become less dependent upon imports to maintain our growth pattern. Healthy export industries have always been of prime importance to Canada, and will undoubtedly continue to be so, but we must not let that blind us to the importance of having healthy domestic industries too. Domestic production that competes effectively with foreign production adds as much to national income as exports do, and by displacing imports it similarly helps the balance of payments. In addition, it is a major employer of labor and offers opportunities for the development of the higher industrial skills that are associated with more highly manufactured products. Finally, domestic industry caters to a more dependable market that is free of the vagaries that so often plague the export market for reasons entirely beyond our control.

(4) A careful review of our exchange-rate policy should be made. In my opinion, the high value of the Canadian dollar has for years been a major roadblock in the way of expansion in our export and domestic industries. Even if measures to reduce the rate prove costly, it is a cost we may have to bear in the interests of sound domestic industrial growth. As a matter of fact it may prove less costly than we fear; if the exchange rate is realistic there should be no unwanted additions to or reductions in reserves as long-run tendency. Indeed the study should include an evaluation of the advantages or otherwise of re-establishing a fixed parity for the Canadian dollar. While the fluctuating or free rate may have served a definite purpose when first introduced, it may now have outlived its usefulness.

In the Interim

Pending the results of this economic study, I think we should begin to accumulate a more adequate exchange reserve to cushion us against the possibility that our access to foreign credits might be suddenly ended. This would give us time to complete projects then under way, and at the same time to re-allocate our resources in order to accommodate ourselves to a reduced rate of investment. The size of our reserve should be related among other things to the current rate of capital inflow.

Then, having set our internal policies in order, we should go ahead boldly and imaginatively with the expansion of our productive capacity at the maximum rate we can achieve. This will likely require some continuation of the capital inflow, but let us remember that it represents a confidence in Canada by others which surely we should not have

too much difficulty in matching ourselves. This is not selling a birthright, but planning and building a better heritage for those to follow.

*An address by Mr. Lambert before the Controllers' Institute of America, Montreal, Quebec, June 17, 1960.

Illinois Bell Bonds Offered

Halsey, Stuart & Co. Inc. is manager of an underwriting syndicate which is offering today (July 7) an issue of $50,000,000 of the company's first mortgage 4⅞% bonds, series G, due July 1, 1997, at 102.168% and accrued interest, to yield 4.75%. The group won award of the issue at competitive sale on July 6 on a bid of 101.32%.

Net proceeds from the financing will be used to reimburse the company's treasury for expenditures made for extensions, additions and improvements to its telephone plant, to meet increasing demands for communication services.

The series G bonds will be redeemable at optional redemption prices ranging from 107.668% to par, plus accrued interest.

The company, a subsidiary of American Telephone & Telegraph Co., is engaged in furnishing communications services, mainly local and toll telephone service, in Illinois and in Lake and Porter Counties, Indiana. On March 31, 1960 the company had 3,983,222 telephones in service, of which 3,809,154 were in Illinois and 174,068 were in Indiana. About 48% of the company's telephones are located in the city of Chicago. Other communication services furnished include teletypewriter exchange service and services and facilities for private line teletypewriter use, for the transmission of radio and television programs and for other purposes.

For the year 1959 the company had total operating revenues of $507,745,695 and net income of $76,420,512.

La Blanc Joins United Ind. Corp.

United Industrial Corporation, 660 Madison Avenue, New York City, has announced that C. Wesley La Blanc is now associated with the company as Assistant to the President.

Ponce de Leon Federal S. & L.

Ponce de Leon Federal Savings & Loan Association has been formed in the Bronx with offices at 906 Prospect Avenue, particularly to assist Puerto Ricans and other Spanish - speaking people who are in need of home financing facilities and of new incentives to start saving.

Directors of the institution, which was formed through the efforts of Puerto Rican financier Erique Campos del Toro, are Dr. Antonio Acosta Velarde; Manuel Samelot; Mrs. Matilde Perez Silva; Felipe N. Torres, Manuel Cabranes; Juan Juan, and Jose M. Junoz, who is the Association's Manager.

R. E. Bergeron Opens

TACOMA, Wash. — Raymond E. Bergeron is engaging in a securities business from offices at 8608 Ninety-fifth Street, S. W.

Forms Maco Security

BROOKLYN, N. Y. — August M. Mazzarelli is engaging in a securities business from offices at 431 Eldert Lane under the firm name of Maco Security Company. Mr. Mazzarelli was formerly with Columbia Financial Development Co.

Strange Nonsense

"Senator Joseph Clark of Pennsylvania, addressing a distinguished group of citizens at Arden House last month, expressed the fear that an "anti-Government fixation" in America might lead to a "new anarchy." This is a rather shocking thought. Most people have had the impression that government was taking on a bigger and bigger role in their lives, digging more deeply into their pockets for taxes, spending so much as to inflate prices, and offering more and more "Federal funds for free" about the countryside.

"The idea that the role of government should be limited is the central underpinning of American democracy; it grew out of the rebellion in 1775 against kingly power and led to the writing of a Constitution of limited powers designed to protect the freedom and sovereignty of the citizen. This was, perhaps, the "old anarchy," under which, fired by individual enterprise in a land of opportunity, a group of agricultural colonies clustered along the eastern seaboard expanded into the most prosperous nation on earth.

"Senator Clark's fears seem rather far-fetched. The trend of events has been in the other direction, toward assumption by government of more and more responsibilities. If there is anything that could be called "anti-Government fixation" today it is only a small voice in the wilderness protesting against burgeoning Federal bureaucracy and the tax confiscation of the greater part of the fruits of enterprise."—First National City Bank in its June "Letter."

If this is "anti-Government fixation," then we are victims of it — and have no apology and no regrets.

Customers Brokers Meet

The Association of Customers Brokers will hold an educational meeting on "Special Situations" on July 12th at 4 p.m. at the New York Society of Security Analysts, 14 William Street, New York City.

Speakers will be Eldon A. Grimm, Walston & Co., Inc., and Michael Kourday, Hayden, Stone & Co.

Ratcliffe Co. Opens

BECKLEY, W. Va. — Ratcliffe & Company has been formed with offices at 126 Main Street to engage in a securities business. Officers are William E. Ratcliffe, President; John W. Faull, and William R. Sigmund, Vice-Presidents; Meredith O. Trent, Secretary; and Robert P. McLean, Treasurer.

Stewart, Pickard Formed

WASHINGTON, D. C. — Stewart, Pickard, Hamilton & Co., is engaging in a securities business from offices in the Citizens Bank Building, District Heights. Partners are Thaddeus A. Kowalski, Robert C. Floyd, and Theodore R. Haseltine, Jr.

Form Guardian Securities

SPOKANE, Wash.—Guardian Securities, Inc. has been formed with offices at West 527 First Avenue, to engage in a securities business. Officers are Fred. L. Bedard, President; Firth J. Chew, Vice-President; and John A. Patullo, Secretary-Treasurer.

First New England Corp.

The First New England Corporation has been formed with offices at 120 Wall Street, New York City, to engage in a securities business. Officers are Rowland A. Robbins, Chairman of the Board; John D. Case, President; John P. Sullivan, Vice-President; John W. Brown, Secretary and Treasurer; and Grace C. Sorenson, Assistant Secretary. All have been associated wih First Investors Corporation.

Samuel Gomberg Opens

Samuel Gomberg & Co. has been formed with offices at 42 Broadway, New York City, to engage in a securities business. Partners are Samuel Gomberg and Bernard J. Gomberg.

Joseph Nadler Forms Inv. Co. in N. Y. City

Joseph Nadler & Co., Inc. has been formed with offices at 41 East 42nd Street, New York City, to engage in a securities business. Officers are Joseph Nadler, President, and Edith Nadler, Secretary-Treasurer. Mr. Nadler was formerly an officer of Frank Karasik & Co., Inc.

Now Allied of Texas

HOUSTON, Texas — The firm name of Allen Securities, Inc., 2020 Richmond Avenue, has been changed to Allied Securities of Texas, Inc.

Now C. W. Britton Co.

SIOUX CITY, Iowa — The firm name of C. W. Britton, Pecaut & Company, Orpheum Electric Bldg., has been changed to C. W. Britton & Company.

Armour Succeeds Vanderbilt as Dorsey Head

The Dorsey Corporation has elected Reginald Armour as president and a director. Formerly a management consultant, Mr. Armour succeeds O. DeG. Vanderbilt, III, who returns to his position as executive vice president of Blair & Co., Inc. Mr. Vanderbilt held the dual posts since April, 1959 with special permission of the American Stock Exchange. The Dorsey Corporation, a holding company, owns Dorsey Trailers, Inc., Elba, Alabama, leading producers of commercial truck trailers.

With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Victor E. Hicks has become connected with Dempsey-Tegeler & Co., 210 West Seventh Street. Mr. Hicks, who has been in the investment business in Los Angeles for a number of years, was formerly with Shearson, Hammill & Co.

Now Div. Growth Planning

The firm name of T & T Investors Corp., 27 William Street, New York City, has been changed to Diversified Growth Planning Corporation.

Now Goodelle Co.

SYRACUSE, N. Y.—Clarence A. Goodelle, 101 Salina Street, South, is continuing his investment business under the firm name of Clarence A. Goodelle Co.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D.C.—The next President of the United States is going to be either Richard M. Nixon, John F. Kennedy, Lyndon B. Johnson, Stuart Symington or possibly Adlai E. Stevenson.

But who is going to be the Vice-President, a position that has grown into great power and prestige during the Eisenhower era. President Eisenhower has made the office of Vice-President truly the No. 2 elective office in the American governmental system.

Out in Los Angeles, the country's third largest city, wheeling and dealing is taking place with a rush. It began early in smoke-filled rooms as the vanguard of delegates across the nation arrived in a carnival-like atmosphere for the big Democratic convention. Anything can happen and there probably will be a surprise along the way.

Delegates to the Democratic pow-wow, and those that will go to the Republican convention in Chicago, are giving thought, at least some of them, to the important office of Vice-President, the occupant of which will help the next chief magistrate of our country carry the tremendous burdens and responsibilities that go with the office of President of the United States.

The Democratic Presidential nominee probably will have a substantial role in helping to select his running mate, but the delegates from the grass roots reportedly will have a greater say-so this year than has been customary in the past.

Added Stature for V-P

With the United States growing rapidly, the office of Vice-President has taken on important duties during the past eight years that in the past were strictly within the jurisdiction of the White House. Of course, the question of whether these and other duties will be delegated to the 37th Vice-President of our country will depend largely on who is elected President.

Incidentally, ten Vice-Presidents have ascended to the Presidency as a result of the death of the chief executive. The first was John Tyler, who succeeded William Henry Harrison. The latter was the oldest President (68 years and 23 days) when inaugurated. No President has ever reached 70 while in office.

Some past Presidents and some past Vice-Presidents regarded the latter position as sort of a necessary, but insignificant adjunct to the Presidency. President Woodrow Wilson, for example, regarded the office as "one of insignificance and curious uncertainty."

John Nance Garner, who is now 91 and who served as Vice-President in the first and second terms of Franklin D. Roosevelt, described the post as just a spare tire on the automobile of government. Mr. Garner left office in a bitter state over some of the things that were taking place in the New Deal Administration. He vowed that he would never cross the Potomac again. That was nearly 20 years ago. He hasn't. He is living his sunset years quietly in his Uvalde, Texas, home, shelling pecans.

President Roosevelt had two other Vice-Presidents, Henry A. Wallace and Harry S. Truman. Of course, Mr. Truman succeeded Roosevelt on the latter's death at Warm Springs, Ga., in April, 1945.

Many Were Lawyers

Because the office of Vice-President was not regarded with top political esteem, some able members of the Senate in the past could not be persuaded to accept a nomination for the office. One Vice-President, John C. Calhoun, resigned to take a seat in the Senate from South Carolina.

Our last three Vice-Presidents were United States Senators at the time they were nominated and elected. They were Harry S. Truman, Alben W. Barkley of Kentucky, who was elected with Mr. Truman in 1948, and Mr. Nixon, who has been Vice-President for seven and one-half years. The only man ever to go direct from the Senate chamber to the White House was Warren G. Harding of Ohio in 1920.

By the way, the records show that 28 of the 36 Vice-Presidents have been attorneys, and 25 of them had served in Congress before being elected to the No. 2 post.

To be eligible for President or Vice-President a person must be a "natural born citizen," be at least 35 years old, and a resident within the United States for 14 years. The conventions at Los Angeles and Chicago will go through the same procedure to nominate a Vice-President as is done in nominating a President.

By the time the hour arrives for nominating a vice-presidential candidate, most delegates are extremely fatigued from the previous days of wheeling and partying that goes on at the conventions. Usually, the convention halls are sparse because the nomination for the No. 2 position is definitely anticlimactic coming as it does after the No. 1 party standard bearer has been nominated.

"I'm undecided—I like Nixon's smile and Kennedy's hair!"

Contest Occasionally

On occasion, however, a contest develops. Four years ago at Chicago, for instance, Senator Estes Kefauver of Tennessee was nominated on the third ballot over his rival, Senator Kennedy. Now there are some people in high places who wish that Senator Kennedy would step aside and take the Vice-Presidential nomination. Apparently the New Englander, away out front in the Presidential picture of his party, could have nomination for the lesser post on a silver platter.

There was pre-convention speculation in Washington that the Democrats might very well turn to one of their defeated Presidential candidates for Vice-President. Or the delegates might turn to one of the State Governors. There are many people over the country that have felt in the past that members of Congress, who are for the most part professional politicians, have had too much power in naming the candidates for President or Vice-President.

Being professional politicians, they naturally want a winner at the head of the party. Popular candidates for President and Vice-President can help to carry lesser candidates to victory in two-party districts and regions that are regarded as doubtful.

The reason that no dominant figure for the Democratic V-P nomination has come to the forefront is the old, old political necessity of balancing the ticket. The V-P nominee might be, as is often the case, a member of a different faction, and a native of a section of the country other than from where the Presidential nominee hails.

It appears a certainty that Mr. Nixon will get the Presidential nomination of his party later this month. And when he gets the nomination he will be the first Vice-President to be tapped for the Presidency since Martin Van Buren, a Democrat, obtained it in advance of the 1836 campaign.

V-P Potentialities

Who are some of the potential Vice-Presidential personalities? There is a possibility that some surprise names will be thrown into the convention ring. For the Democrats there is a chance that one of the defeated candidates for President will be chosen. Yet it seems unlikely on the face of it that the delegates would choose two United States Senators, even though they represent different factions and come from different parts of the country, as their party standard bearers.

Democratic possibilities include Senator Hubert H. Humphrey of Minnesota, who is loved by the extreme liberal wing of the party, and who withdrew from the Presidential race after the West Virginia primary; Governor LeRoy Collins of Florida, who will be the permanent chairman of the convention; Governor Robert B. Meyner of New Jersey, and Representative Chester B. Bowles of Connecticut.

Republican V-P possibilities are Henry Cabot Lodge, Jr., of Massachusetts, the United States representative to the United Nations; Attorney General William P. Rogers from New York; Secretary of the Interior Frederick A. Seaton, a Nebraska newspaper publisher, and onetime interim senator from Nebraska; Secretary of the Treasury Robert B. Anderson from Texas, who ranks extremely high with President Eisenhower; Charles A. Halleck, the House Republican leader (called minority leader) from Indiana; Senator Barry Goldwater of Arizona; Senator Thruston Morton of Kentucky; Senator Kenneth B. Keating of New York; Secretary of Labor James P. Mitchell of New Jersey.

A few Republicans think Governor Nelson A. Rockefeller might yet be prevailed upon to run as Nixon's partner but the odds appear overwhelmingly against it.

With Congress in recess until after the conventions, there is a possibility that both Presidential candidates will be facing each other in the Senate chamber as the Vice-President is the presiding officer of the Senate. This would be an unprecedented spectacle.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

F.H.L.B. Notes Are Offered

The Federal Home Loan Bank Board, through Everett Smith, Fiscal Agent of the Home Loan Banks, in a nationwide group of security dealers, offered on July 6 an issue of $150,000,000 principal amount of Federal Home Loan Banks 3¼% non-callable, series C-1961 consolidated notes, dated July 15, 1960 and due Jan. 19, 1961. The notes are priced at 100%.

Proceeds from the sale of the notes will be used by the Home Loan Banks to retire $134,000,000 of notes maturing July 15, 1960, Mr. Smith stated. The balance of the proceeds will be added to funds available to meet the requirements of the members of the Home Loan Bank System, he added.

Upon completion of the current sale of the $150,000,000 of consolidated notes and the retirement of the $134,000,000 of notes due July 15, 1960, outstanding indebtedness of the Banks will amount to $1,276,240,000.